

SOCIAL RESEARCH

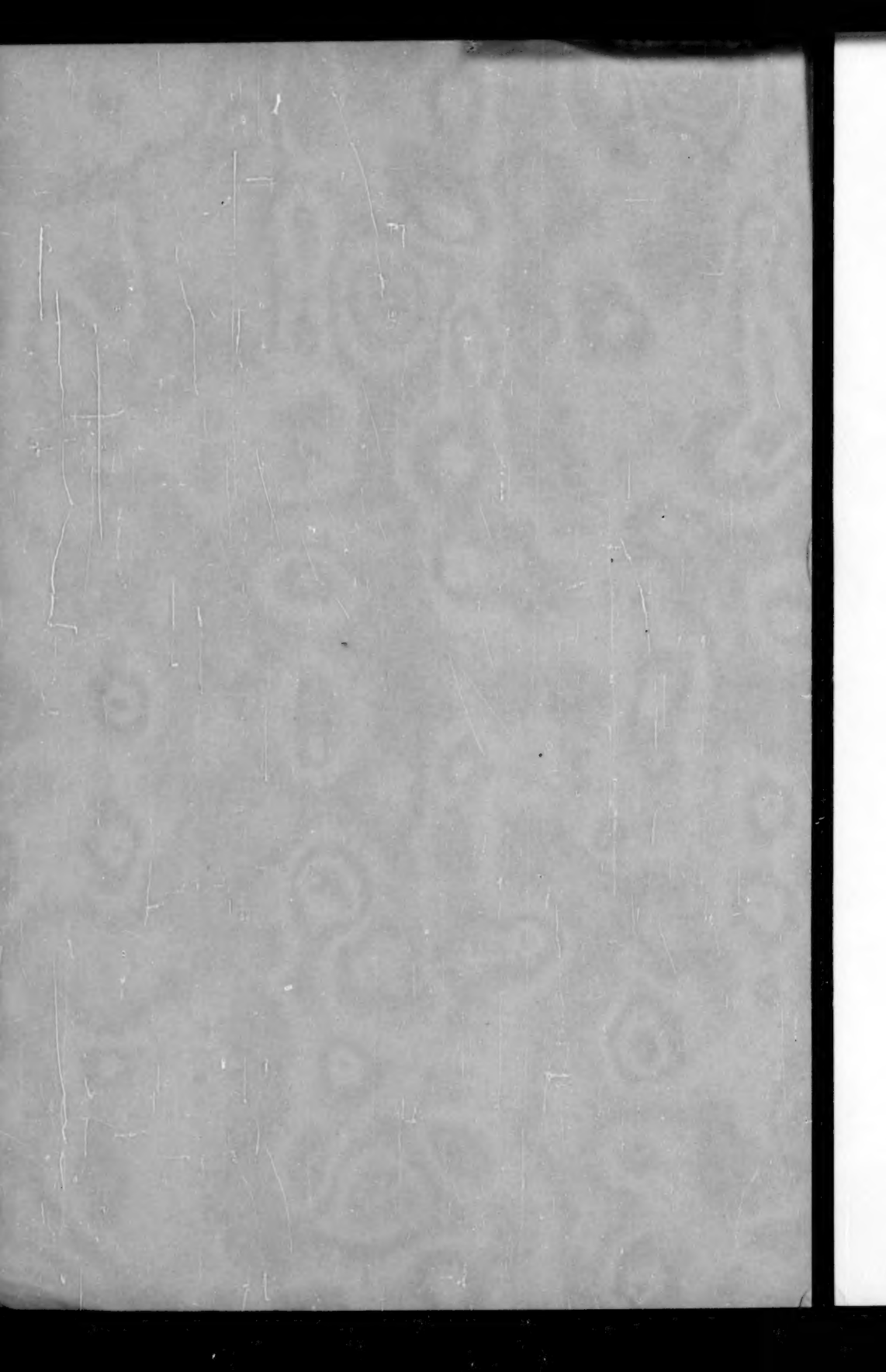
AN INTERNATIONAL QUARTERLY
OF POLITICAL AND SOCIAL SCIENCE

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SPRING • 1954

VOLUME TWENTY-ONE

NUMBER ONE



Social Research

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OF POLITICAL AND SOCIAL SCIENCE

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SUBSCRIPTION: \$5.00 a year for United States and Canada,

\$5.50 a year for other countries

SINGLE COPIES (exclusive of postage): \$1.50

SOCIAL RESEARCH is published in Spring, Summer, Autumn, and Winter issues, appearing in April, July, October, and January, by the Graduate Faculty of Political and Social Science of the New School for Social Research, in cooperation with the Institute of World Affairs of the New School. All correspondence concerning manuscripts should be addressed to Dr. Alvin Johnson.

April 1954

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Indexes of SOCIAL RESEARCH are published annually in the Winter issue; the contents are also indexed in the INTERNATIONAL INDEX TO PERIODICALS and the PUBLIC AFFAIRS INFORMATION SERVICE, available in most libraries. Microfilm copies of complete volumes of SOCIAL RESEARCH are available to regular subscribers, and can be purchased from University Microfilms, 313 North First Street, Ann Arbor, Michigan.

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ESSENTIALS TO PEACE*

BY GEORGE C. MARSHALL

I

I HAVE been greatly and surprisingly honored in the past twenty-four hours, and in return I have been requested to speak here tonight. While no subject has been suggested, it is quite evident that the Cause of Peace is preeminent in your minds.

Discussions without end have been devoted to the subject of peace, and the efforts to obtain a general and lasting peace have been frequent through many years of world history. There has been success temporarily, but all have broken down, and with the most tragic consequences since 1914. What I would like to do is point our attention to some directions in which efforts to attain peace seem promising of success.

I will try to phrase my views or suggestions in the simplest possible terms though I lack the magic and artistry of that great orator whom the Nobel Committee in Stockholm so appropriately honored yesterday. In making my statement I will assume your familiarity with the discussions and efforts of the past eight years and also with something of the conditions which have governed each long continued peace in world history.

I would like to make special mention of the years of the Pax Romana, which endured through almost all the first two centuries of the Christian era. I do so because of a personal incident which made a profound impression on me in the spring of 1919. Arriving late at night in Chaumont, the American Headquarters in

* EDITORS' NOTE—Although all Americans who keep abreast of the movement of world ideas have read excerpts from General Marshall's Nobel Prize address, delivered in Oslo on December 11, 1953, the editors of *Social Research* have sought and secured permission from General Marshall to reprint the address in full. In spite of General Marshall's modest disclaimer, his address reads as one of the great documents of American intellectual history, the greater because its eloquence clothes itself in straightforward simplicity.

France, I sought shelter for the night in the house of a group of friends. I found they were temporarily absent, so I selected an unoccupied room and looked about for a book to read as I waited for sleep to come. The books available were mostly in French or German. Since I was unable to read them with facility, I looked further and finally found an English textbook on the history of Gaul. Casting about for an interesting portion, I landed on a description of the famous Roman Peace. Included in this description was a statement of the dispositions of the Roman troops during this prolonged period, a legion at Cologne, another at Coblenz, a third at Mayence, and the reserve at Trier. Now those happened to be the identical dispositions of our Allied Forces some eighteen hundred years later, with the Peace Commission sitting in Paris and evolving the policy of the League of Nations.

I would not wish to imply that the military deployment I have just described corresponds to the protective NATO deployment of today. The threat today is quite different, but I do think that this remarkable historical repetition does suggest that we have walked blindly, ignoring the lessons of the past with, in our century, the tragic consequences of two world wars and the Korean struggle as a result.

In my country my military associates frequently tell me that we Americans have learned our lesson. I completely disagree with this contention and point to the rapid disintegration between 1945 and 1950 of our once vast power for maintaining the peace. As a direct consequence, in my opinion, there resulted the brutal invasion of South Korea, which for a time threatened the complete defeat of our hastily arranged forces in that field. I speak of this with deep feeling because in 1939 and again in the early fall of 1950 it suddenly became my duty, my responsibility, to rebuild our national military strength in the very face of the gravest emergencies.

These opening remarks may lead you to assume that my sug-

gestions for the advancement of world peace will rest largely on military strength. For the moment the maintenance of peace in the present hazardous world situation does depend in very large measure on military power, together with Allied cohesion. But the maintenance of large armies for an indefinite period is not a practical or a promising basis for policy. We must stand together strongly for these present years, that is, in this present situation, but we must, I repeat, we must find another solution, and that is what I wish to discuss this evening.

There has been considerable comment over the awarding of the Nobel Peace Prize to a soldier. I am afraid this does not seem as remarkable to me as it quite evidently appears to others. I know a great deal of the horrors and tragedies of war. Today, as Chairman of the American Battle Monuments Commission, it is my duty to supervise the construction and maintenance of military cemeteries in many countries overseas, particularly in Western Europe. The cost of war in human lives is constantly spread before me, written neatly in many ledgers whose columns are gravestones. I am deeply moved to find some means or method of avoiding another calamity of war. Almost daily I hear from the wives, or mothers, or families of the fallen. The tragedy of the aftermath is almost constantly before me.

I share with you an active concern for some practical method for avoiding war. Let me first say that I regard the present highly dangerous situation as a very special one, which naturally dominates our thinking on the subject of peace, but which should not, in my opinion, be made the principal basis for our reasoning towards the manner for securing a condition of long continued peace. A very strong military posture is vitally necessary today. How long it must continue I am not prepared to estimate, but I am sure that it is too narrow a basis on which to build a dependable, long-enduring peace. The guarantee for a long continued peace will depend on other factors in addition to a moderated military strength, and no less important. Perhaps the most

important single factor will be a spiritual regeneration to develop good will, faith and understanding among nations. Economic factors will undoubtedly play an important part. Agreements to secure a balance of power, however disagreeable they may seem, must likewise be considered. And with all these there must be wisdom and the will to act on that wisdom.

II

In this brief discussion, I can give only a very limited treatment of these great essentials to peace. However, I would like to select three more specific areas for closer attention.

The *first* relates to the possibilities of better education in the various factors effecting the life of peaceful security, both in terms of its development and of its disruption. Because wisdom in action in our Western democracies rests squarely upon public understanding, I have long believed that our schools have a key role to play. Peace could, I believe, be advanced through careful study of all the factors which have gone into the various incidents now historical that have marked the breakdown of peace in the past. As an initial procedure our schools, at least our colleges but preferably our senior high schools, as we call them, should have courses which not merely instruct our budding citizens in the historical sequence of events of the past, but which treat with almost scientific accuracy the circumstances which have marked the breakdown of peace and have led to the disruption of life and the horrors of war.

There may perhaps have been a "last clear chance" to avoid the tragic conflagrations of our century. In the case of World War II, for example, the challenge may well have come in the early thirties, and passed largely unrecognized until the situation was unlikely to be retrieved. We are familiar with specific events such as the march into the Rhineland or aggression in Ethiopia or Manchuria. Perhaps there was also a last clear chance to begin to build up the strength of the democracies to keep the mili-

tary situation in equilibrium. There may also have been a last clear chance to penetrate to the spirit of the peoples of the nations threatening the peace, and to find ways of peaceful adjustment in the economic field as well. Certainly, had the outcome of the war, with its devastation and disruption, been foreseen, and had there been an understanding on all sides of the problems that were threatening the peace, I feel sure that many possibilities for accommodation would have been much more thoroughly explored.

It is for this reason that I believe our students must first seek to understand the conditions, as far as possible without national prejudices, which have led to past tragedies and should strive to determine the great fundamentals which must govern a peaceful progression toward a constantly higher level of civilization. There are innumerable instructive lessons out of the past, but all too frequently their presentation is highly colored or distorted in the effort to present a favorable national point of view. In our school histories at home, certainly in years past, those written in the North present a strikingly different picture of our Civil War from those written in the South. In some portions it is hard to realize they are dealing with the same war. Such reactions are all too common in matters of peace and security. But we are told that we live in a highly scientific age. Now the progress of science depends on facts and not fancies or prejudice. Maybe in this age we can find a way of facing the facts and discounting the distorted records of the past.

I am certain that a solution of the general problem of peace must rest on broad and basic understanding on the part of free peoples. Great single endeavors like a League of Nations, a United Nations, and undertakings of that character, are of great importance and in fact absolutely necessary, but they must be treated as steps toward the desired end.

We must depend in large measure on the impartiality of those who teach. Their approach must be on a scientific basis in order

to present the true facts. The scientists, no matter of what nationality, make a common approach to their problems.

For my *second* suggestion, I would like to consider the national attitudes that bear on the great problem of peace. I hope you will not think me amiss if I turn to my own country and certain rather special circumstances found there to illustrate my point. Despite the amazing conquest of the air and its reduction of distances to a matter of hours and not days, or minutes instead of hours, the United States is remote in a general sense from the present turbulent areas of the world. I believe the measure of detachment, limited though it is, has been of help in enabling us on occasion to take an impartial stand on heated international problems.

Also, my country is very specially constituted in terms of population. We have many families of Norwegian ancestry in our population. My country also includes large numbers of former citizens of many of the other countries of Europe, including the present Satellite States. I recall that when the first Polar flight was made by the Russians from Moscow over the top of the world to land on the little airfield of the post I commanded at Vancouver on the Columbia River in the State of Washington, my home was surrounded within a few hours by hundreds and hundreds of Russians, all presumably citizens of the United States. Italians, Turks, Greeks, and many, many others who came to our country now constitute an organic portion of our population.

From this fact we have acquired, I think, a feeling and a concern for the problems of other peoples. There is a deep urge to help the oppressed and to give aid to those upon whom great and sudden hardship has fallen.

We, naturally, cannot see a problem in the exact terms as people like yourselves or the Danes, or the Dutch, or the French, for example; people living in the closest contact with each other, yet widely differing in national heritage. I believe there is, however, a readiness to cooperate which is one of the great and hopeful

factors of the world of today. While we are not in close contact with the details of problems, neither are we indifferent to them, and we are not involved in your historical tensions and suspicions.

If I am correct in thinking that these factors have given us as a nation some advantage in the quest for peace, then I would suggest that principles of cooperation based on these factors might contribute to a better understanding amongst all nations.

I realize fully that there is another side to this picture. In America we have not suffered the destruction of our homes, our towns, and cities. We have not been enslaved for long periods, at the complete mercy of a conqueror. We have enjoyed freedom in its fullest sense. In fact, we have come to think in terms of freedom and the dignity of the individual more or less as a matter of course, and our apparent unconcern until times of acute crisis presents a difficult problem to the citizens of the countries of Western Europe who have seldom been free from foreign threat to their freedom, their dignity and their security. I think nevertheless that the people of the United States have fully demonstrated their willingness to fight and die in the terrible struggle for the freedom we all prize, to sacrifice their own men in large numbers for this common cause, and to contribute vast sums for the general benefit of the Western countries.

I recognize that there are bound to be misunderstandings under the conditions of wide separation between your countries and mine. But I believe the attitude of cooperation has been thoroughly proven. I also believe that the participation of millions of our young men and women in the struggle in Western Europe, in the closest contact with your people, will bring as its result less of misunderstanding on our side of the Atlantic than perhaps on yours.

In my own case, for example, I spent two and one-half years in France during the First World War. Frequently I was quartered in the households of the French peasantry and spent long evenings by the kitchen fires, talking far into the night. I came

to know them well, admired them, and in some cases came to love them. Now, how many do you suppose of the present citizens of Western Europe have had a similar look in on the homes of people in the farms and small towns of America? A few may know much of New York, Washington, and Chicago but those great cities do not represent the heart of America.

The *third* area I would like to discuss has to do with the problem of the millions who live under subnormal conditions and who have now come to a realization that they may aspire to a fair share of the God-given rights of human beings. Their aspirations present a challenge to the more favored nations to lend assistance in bettering the lot of the poorer. This is a special problem in the present crisis, but it is of basic importance to any successful effort toward an enduring peace. The question is not merely one of self-interest arising from the fact that these people present a situation which is a seed bed for either one or the other of two greatly differing ways of life. Ours is democracy, according to our interpretation of the meaning of the word. If we act with wisdom and magnanimity, we can guide these yearnings of the poor to a richer and better life through democracy.

We must present democracy as a force holding within itself the seeds of unlimited progress by the human race. By our actions we should make it clear that such a democracy is a means to a better way of life, together with a better understanding among nations. Tyranny inevitably must retire before the tremendous moral strength of the gospel of freedom and self-respect for the individual, but we have to recognize that these democratic principles do not flourish on empty stomachs and that people turn to false promises of dictators because they are hopeless and anything promises something better than the miserable existence that they endure. However, material assistance alone is not sufficient. The most important thing for the world today in my opinion is a spiritual regeneration which would reestablish a feeling of good faith among men generally. Discouraged people are in sore need of the inspiration of great principles. Such leadership

can be the rallying point against intolerance, against distrust, against that fatal insecurity that leads to war. It is to be hoped that the democratic nations can provide the necessary leadership.

The points I have just discussed are, of course, no more than a few suggestions in behalf of the cause of peace. I realize that they hold nothing of glittering or early promise, but there can be no substitute for effort in many fields. There must be effort of the spirit—to be magnanimous, to act in friendship, to strive to help rather than to hinder. There must be effort of analysis, to seek out the causes of war and the factors which favor peace, and to study their application to the difficult problems which will beset our international intercourse. There must be material effort—to initiate and sustain those great undertakings, whether military or economic, on which world equilibrium will depend.

If we proceed in this manner, there should develop a dynamic philosophy which knows no restrictions of time or space. In America we have a creed which comes to us from the deep roots of the past. It springs from the convictions of the men and women of many lands who founded the nation and made it great. We share that creed with many of the nations of the Old World and the New with whom we are joined in the cause of peace. We are young in world history, but these ideals of ours we can offer to the world with the certainty that they have the power to inspire and to impel action.

I am not implying in any way that we would attempt to persuade other people to adopt our particular form of government. I refer here specifically to those fundamental values on which our government, like many other democracies, is based. These, I believe, are timeless and have a validity for all mankind. These, I believe, will kindle the imagination and arouse the spirit.

A great proponent of much of what I have just been saying is Dr. Albert Schweitzer, the world humanitarian, who today receives the Nobel Peace Award for 1952. I feel it is a vast compliment to be associated with him in these awards this year. His life has been utterly different from mine, and we should all be

happy that his example among the poor and benighted of the earth should have been recognized by the Peace Award of the Nobel Committee.

I must not further complicate this discussion with the wide variety of specific considerations which will enfold the gradual growth of a sound approach toward some method of securing an enduring peace in the world. I fear, in fact I am rather certain, that due to my inability to express myself with the power and penetration of the great Churchill, I have not made clear the points that assume such prominence and importance in my mind. However, I have done my best, and I hope I have sown some seeds which may bring forth good fruit.

SOVIET ECONOMIC GROWTH

BY NAUM JASNY

IN MAY 1952 a conference on "Soviet Economic Growth" was held at Arden House, New York, under the auspices of the Joint Committee on Slavic Studies of the Social Science Research Council and the American Council of Learned Societies. The papers (a total of twelve), with the discussion speeches (a total of seventeen), have been released in a volume having the same title; this book will hereafter be referred to as the Symposium.¹ The present article, which is a much abbreviated version of a comment on all the papers in the Symposium, is concerned primarily with those papers which include a forecast of future economic growth in the Soviet Union.

The twelve papers in the Symposium cover the following topics: national income (Gregory Grossman); capital formation and allocation (Norman Kaplan); population and labor force (Warren Eason); transportation (James Blackman); industrial resources (Chauncy Harris); industrial labor productivity (Walter Galenson); industrial production (Donald Hodgman); agricultural resources (V. P. Timoshenko); agricultural organization (Lazar Volin); agricultural output and employment (Joseph Kershaw); relations with the orbit (Oleg Hoeffding); and East-West trade (Harry Schwartz).

The absence of any contribution on private incomes and consumption—both from the agenda of the conference and from the Symposium—is conspicuous. Even comparable Soviet documents always contain statements on these points, despite the fact that the Soviet Union has had no real interest in these items for twenty-five years. Clarity regarding them is particularly important, because of the blatant falsifications in Soviet statistics on

¹ Abram Bergson, ed., *Soviet Economic Growth: Conditions and Perspectives* (Evanston, Ill.; Row, Peterson; 1953) viii & 376 pp.

real incomes and consumption, and because many students in this country are misled by these falsifications.²

The topic of the conference was stated in the original invitations as "The Soviet Economy in 1970," and though this was subsequently changed to "Soviet Economic Growth," the long-run prospects remained the center of emphasis. As the Preface puts it (p. vi), "In order to assure a necessary degree of uniformity regarding the interpretation of 'long run,' the participants were asked to think of the year 1970 as a horizon date, insofar as such a date was needed." But forecasting for twenty years ahead, even at best, is not very fruitful, especially when it refers to such matters as "status in 1970" or "average rate of change in the next twenty years"—that is, without analysis of the positions at intermediate points or during intermediate periods. The job might have been somewhat easier if it had been a collective effort, but "there seemed to be no practicable course but to leave the maximum discretion to the individual participants" (Preface, p. vi).

Forecasting of positions twenty years in the future is especially hopeless when the Soviet Union is involved. Any forecasting must be based primarily on past trends, but our knowledge of past Soviet developments is very far from exact, and estimates concerning them vary substantially. A good example is this: in the Symposium (pp. 8-11) Gregory Grossman estimates the average yearly increase in Soviet national income in 1949 and 1950 at around 6.5 to 7 percent, while the estimate of the present writer for the same years is 12 to 13 percent per year. An even greater handicap is the fact that the past trends on which forecasting is based must be trends during periods of normal development, while in recent Soviet economic history—that is, the so-called era of the five-year plans, which started in 1928—there is no period of more than two or three years duration which could be considered normal.

² In 1950 Abram Bergson wrote that "1937 was for the Soviet consumer a year of unexampled prosperity"; see "Soviet National Income and Product in 1937," in *Quarterly Journal of Economics* (August 1950) p. 210.

No less than seven major stages of Soviet economic development can be distinguished in the relatively short period—twenty-five years—since 1928. These are as follows:³

- 1928-29—period of miracle planning (industry expands rapidly, agriculture declines)
- 1931-33—period of bacchanal planning (expansion of industry slows down greatly in spite of super-rapid increase in investment; labor productivity declines; quality of output deteriorates greatly; agricultural output goes down in conjunction with the all-out collectivization)
- 1934-36—prewar period of rapid expansion; for agriculture, largely recovery
- 1937-40—purge era (great slowdown in industry; practical stagnation in agriculture after 1937, a year with exceptionally favorable weather conditions)
- 1940-45—war
- 1947-49—very rapid postwar recovery (for agriculture extends possibly to 1951 or later)
- 1950-52—development beyond the prewar level, except possibly for agriculture

The suggested staging is illustrated by data on industry and freight transport, presented in Table 1. It should be noted that division of the overall period confronts the difficulty that the characteristics of a particular type of planning continued for some time after that type itself was abandoned. Thus, strictly speaking, the period here called bacchanal planning included 1930 and not 1933; similarly, though the purges were discontinued in 1938, their disastrous consequences continued to be felt in the Soviet economy until the middle of 1940.

In Table 1 the two unfavorable periods—the years of bacchanal planning and the purge era—stand out clearly as times of more

³ The designation of some of the individual periods is made from the point of view of the type of planning which happened to prevail in them. They are taken from a study on Soviet planning in preparation by this writer.

TABLE 1. Major Stages of Soviet Economic Development Since 1928
(average annual increase, in percent)

Year	Description of the Period	Industry	Freight Transport ^a	
			All Carriers (ton-kilometers)	Railways (tons originated)
1928-29 to				
1929-30	Miracle planning	18% ^b	22% ^c	23%
1931-33	Bacchanal planning	10 ^b	9 ^d	4
1934-36	Prewar rapid expansion	21 ^b	22	22
1937-40	Purge era	6 ^e	5 ^f	5 ^f
1947-49	Postwar rapid recovery	18 ^g	16 to 17	17
1950	Development beyond	15 ^h	14	12
1951	the prewar	13 ^h	12	no data
1952	level	11 ⁱ	9 ^j	no data

^a Thanks are due to Dr. Holland Hunter for the original data. James Blackman's computations in the Symposium (p. 128) differ only negligibly from those of Hunter.

^b Value-added indices for large-scale industry, except lumbering and private enterprises. See Donald Hodgman in the Symposium, p. 232. To be usable for total industrial production, Hodgman's indices, except probably those for 1927-28 to 1929-30, need more or less substantial reductions.

^c 1928-30.

^d 1930-33.

^e Gross production index, based on Hodgman's index for 1937 and on Jasny, *The Soviet Economy During the Plan Era* (Stanford 1951) p. 22, for 1938-40.

^f Pre-1939 territory.

^g Gross production index, Jasny estimates. Hodgman's estimate, based on output of 22 commodities, is 22 to 23 percent; see Symposium, p. 236.

^h Gross production index, Jasny estimates. Hodgman has 15 percent for both years.

ⁱ Official.

^j Estimate based on incomplete data.

or less complete paralysis, which was in some respects even regression. The period of miracle planning was certainly abnormal, with industry expanding rapidly under conditions—a concurrent decline in agriculture—which could not last. Recoveries to previous levels, such as occurred during the immediate postwar period and also, at least in agriculture, during the mid-1930's, are normally characterized by much faster rates of increase than is the growth beyond these levels. Thus it is only the short period of development since 1950 which, except for agriculture, can be considered more or less normal—the qualification being neces-

sary because of a considerable increase, of a magnitude not exactly known, in expenditures on the armed forces.⁴

Thus projections into the future based on such trends as may be found in 1928-37, 1928-40, or 1928-50 are meaningless. A repetition of bacchanal planning seems very unlikely, anywhere in the Soviet orbit; the satellite countries, whatever else may be said of their economic development, show no signs of repeating that phase of the Soviet experience, and these countries certainly act on the advice of the Soviets. One cannot be so certain that there will be no repetition of the purge era, but if a forecaster wants to provide for such an eventuality, this must be made clear; even the word purge does not occur in the Symposium, however, or at least it is not to be found in the index.

To have any hope of reasonable accuracy a forecast of the future of the Soviet economy must assume a continuation of the political situation that existed in postwar years until Stalin's death. And this assumption, while not spelled out in so many words by the contributors to the Symposium, seems to be the basis of their forecasts. According to Bergson's Preface (p. v), the organizers of the conference excluded only "a general war in the short run," and left it to the participants "to decide for themselves what assumptions to make on underlying political factors." Grossman posits in addition (p. 2) "the same territorial boundaries as in 1950" and "no major change in the character of the regime or in the more important economic institutions." Kershaw assumes (p. 295) that "Soviet military expenditures continue more or less at the present ratio . . . to total output" and that there

⁴ What is said of periods applies, of course, to individual years. It so happened that none of the three years (1937, 1940, 1948) for which Bergson and Bergson-Heymann (Symposium, p. 39) made their useful estimates of national income in current prices was fully normal. The year 1937 was the first year of the purge era, with investment declining and its share in national income being reduced even more, partly because of the bountiful harvest. The year 1940 was one of heavy war preparations; the effects of purges also were not overcome fully. The year 1948 was too close to the end of war. The share of investment in national income rose by about 15 percent in only two subsequent years, and continued to rise year after year also after 1950. Forecasts based on unadjusted findings for those three years must necessarily be faulty.

will be "a continued policy of emphasizing investment in heavy industry."

To be sure, a certain departure from the specified policies has already occurred since Stalin's death—toward greater attention to private consumption, which in the final analysis implies smaller investment (unless military expenditures are cut simultaneously) and smaller all-round further expansion. Since the estimates of the conference participants are on the low side in the opinion of this writer, Stalin's death is thus a help to them. But the new policies are still in the embryo, and at least this writer would not dare to predict how they may develop even over the next six months.

The various conference participants tackled the problem of length of forecasts in quite different manners. Only Kershaw (pp. 307-08) complies fully with the original proposal to deal with "the Soviet economy in 1970"—by estimating the average yearly increases in farm output and labor productivity until 1970 and, as the balance, the decline in farm labor by that year. Close to Kershaw is Galenson, who estimates the average increase in labor productivity over the next two decades, but he at least adds (p. 213) that "the rate of increase for the first 10 years of the period may well be higher than that of the second 10 years." Eason made his basic estimates of population and labor force by five-year periods, but only the data for 1970 are presented in the Symposium (pp. 116-22), the estimates for the other years being obtainable from him in a mimeographed appendix.

Everyone else who made, or was supposed to make, quantitative estimates shrank from the idea of a twenty-year forecast. Hodgman estimates the increase in industrial output only for ten years, and moreover he qualifies his 8 percent annual increase with a "perhaps" and an "about" (p. 244). Blackman's forecast of transport is for 1962 (p. 150). A refutation of the very idea for which the conference was originally planned, and largely of its ultimate aim, is Grossman's blunt statement (p. 11) that "an attempt to predict the speed of development of the Soviet econ-

omy over the next two years, let alone the next two decades, would be foolish indeed."

While this writer has much sympathy for the way Grossman feels, he does not go all the way with him. The Western world needs an idea of the probable economic development of the Soviet Union, and those with at least some familiarity with the subject must satisfy this need. The risks must be taken as part of the bargain.

Since nothing of scientific or practical value can be expected from forecasting so far ahead as twenty years, an endeavor is made in this paper to foresee the probable development over the next seven years, that is, through 1960, using the material in the Symposium and much in addition. It must be strongly emphasized that *the crudest indication of the general order of magnitude is all that can be hoped for.*

As will be seen, the present writer is not enthusiastic about some of the quantitatively specified forecasting in the Symposium, but there is a great deal of meat in the historical parts of almost all the papers, and also in the non-quantitatively specified forecasts. The progress in research on the Soviet economy, as reflected in this volume, is indeed great if its contents are compared with writings released only a few years ago.

*Agriculture and Private Consumption*⁵

Thus far agriculture has been the weakest point of the Soviet economy. The full-scale collectivization of the early 1930's led to a decline of about 20 percent in farm output by 1932. In the succeeding years the losses were regained, and in 1938, if there had been normal weather conditions, farm output would have been about 15 percent above that of 1928; but no further measurable progress was made in the last two or three years before the beginning of World War II. Then farm output declined again, to an

⁵ The organization of this paper is almost the reverse of that in the Symposium. The estimation of national income is the crowning piece of all economic analysis, and belongs at the end; the Symposium starts with it.

extent that has never been estimated very exactly but amounting to perhaps 35 to 40 percent by 1945. The loss seems not to have been fully recouped by 1950.

All three participants of the Arden conference who dealt with agriculture were quite pessimistic with reference to a future enlargement of farm output under Soviet power. Volin (pp. 283-84) believes it very problematical that collectivization, by which he means the present system of collective farming, "will result in significant gains in agricultural production during the next 10-20 years." Timoshenko does not make any summarizing statements, but on the basis of what he says (pp. 246-71) his conclusions, if made, would hardly be much more favorable than Volin's. Kershaw (who also estimates the increase in farm output per worker, arriving at an average of 2 percent per year) estimates the annual increase in farm output over the next twenty years at 1.5 percent, which is the same percentage he assumes for the population growth (pp. 307-08). The fact is disregarded that this estimate implies a small decline in per capita consumption of farm products by the urban and rural populations, dealt with separately. One would need an immense belief in the power of Soviet dictatorship in order to expect it to survive for twenty years under the extremely precarious conditions visualized by Kershaw.⁶ In striking contrast to the forecasts of the conference participants, the Fourth Five-Year Plan schedules an increase of about 55 percent in farm output from 1950 to 1955.

Kershaw's estimate is largely based on the disappointing trends of the past, and he does not consider the specific conditions likely to obtain in Soviet agriculture in the future. It is true, as Timoshenko points out, that the climatic and soil conditions are unfavorable for a rapid growth of output, and also, as Volin emphasizes, that there are great limitations in the collective system itself. But Soviet agriculture seems to be considerably below

⁶ Kershaw's forecast excludes the possibility of any price reductions in farm products unless wages are cut simultaneously. Since the preparation of his paper, which is dated March 7, 1952, there have been two price cuts in consumer goods—those effective April 1, 1952, and April 1, 1953.

the level that its climatic and soil conditions would permit with the application of modern techniques. Except for cotton, the yields of crops in the Soviet Union are still below those obtained by estate owners and large peasants almost half a century ago (the yields of hay are far below those harvested even by average peasants at that time). Mechanization and other modern agricultural techniques have raised the potential substantially over the intervening years. The Soviets may ultimately succeed in realizing part of this accumulated potential, in spite of the adverse effects of the collective system. It is also important that the Soviets, greatly strengthened economically, may in the future be able to invest much more heavily in agriculture than formerly, without impairing their ambitious industrialization programs.

By analyzing Soviet policies already embarked upon and those clearly in sight (the big hydroelectric-irrigation "Constructions of Communism," other irrigation projects, clearing of brushland and swamps, combating excessive acidity, and increased use of fertilizer) this writer estimates the probable increase in gross farm output over the next several years through 1960 at 3 to 3.5 percent per year. The annual rate of increase may be somewhat higher for net farm output.⁷

In the Soviet Union more than 85 percent of private consumption consists of goods purchased or produced by the consumers themselves. The same or a greater percentage of the consumed goods consists of farm products or goods produced from them. Hence the rate of increase assumed in farm output may indicate the rates of increase in the output of consumer goods in general, and specifically of industrial consumer goods, in retail trade, and in private consumption. But an increase in the proportion of goods not produced from farm products (particularly through the use of substitutes) and a more thorough processing of farm products themselves will probably cause the rates of increase in the

⁷ The prospects for farm output and labor productivity on Soviet farms are discussed in somewhat greater detail in a special paper which this writer expects to publish in the *Review of Economics and Statistics*.

output of industrial consumer goods and in retail trade to be moderately greater than those in farm output proper. Also the rate of increase in private consumption is likely to be higher than indicated, through a gradual rise in the proportion of services, especially better housing.

On the basis of the rate of increase in farm output estimated above for 1953-60, total private consumption is likely to rise at about 5.5 to 6 percent per year.

Labor Supply.

Almost to the end of the 1930's the industrialization drive in the Soviet Union proceeded with a practically inexhaustible reserve of labor on farms. This has not been true since World War II, and will not be true in the future. But even though considerably more attention is now being paid to labor-saving devices, and will have to continue being paid, especially in agriculture, the fact remains that a shortage of labor is not a major factor limiting expansion now, and is unlikely to be one in the foreseeable future.

Since Eason had to base his projections of future population and access of labor on extremely uncertain material, he made them in four variants. The average of his four variants, as given in the Symposium (Appendix Table A4), indicates the net accesses of labor shown in the accompanying figures. On the basis of

<i>Years</i>	<i>Million</i>
1950-54	9.3
1955-59	7.3
1960-64	8.6
1965-69	10.7
1950-69	35.9

the supply in 1950, this access is equivalent to little more than 1.5 percent per year, on the average.

Of the total labor force in 1950, only some 36 million, or about one-third, represented non-farm hired labor. Eason (p. 121)

expects that the total net access of labor during 1950-70 will be absorbed by this group, and that consequently non-farm hired labor will nearly double. Kershaw's prognostication (p. 308) is that agricultural labor will decline by about 5 million during the same twenty years. A large part of this 5 million would probably go into non-farm hired labor—in addition to the total access of labor.

By averaging Eason's estimates and adding some further calculations, an increase of 10.2 million in the labor force is indicated for 1953-60. If 8.5 million of this number join the non-farm hired labor, the latter will rise by over 20 percent, or by 3 percent per year. Previous experience indicates that labor in industry and construction is likely to increase at a considerably more rapid pace than total non-farm hired labor; in these occupations 4.5 percent may represent the probable annual rate of increase in the next several years. This forecast, of course, like all the others made here, is at best a crude indication of the order of magnitude.

Industry and Investment

National income flows into two main channels. One is private consumption, which is largely determined by farm output, with the output of industrial consumer goods and retail trade serving as the intermediate links. The other channel is investment and military expenditures, these being largely determined by the output of industrial producer goods. As regards the trend in the latter, a separate discussion unfortunately seems impossible at the moment. But the trend in total industrial output can be discussed, and indeed a fairly detailed analysis of past and future trends in industry seems justified, especially since there are misunderstandings which it seems possible to eliminate. In analyzing industry and investment, as in discussing the private consumption sector, it is necessary to pay considerable attention to the interconnections existing among the various sectors of the economy, and between them and such factors as labor force and

labor productivity. In the Symposium these interconnections receive considerable attention in Grossman's and Blackman's papers, but there is little of them in Hodgman's important contribution. Their significance cannot be overemphasized.

RESOURCES FOR INDUSTRY. Harris's findings in the Symposium on the industrial resources of the Soviet Union are summarized thus (p. 179): "In general, the physical resources seem adequate to cover any likely amount of industrialization by 1970, but unfavorable locational or quality aspects of these resources will require large inputs of capital and labor to achieve industrial goals, which means high real costs of production." But these unfavorable aspects and high real costs existed also in the past, and unfortunately it is not made sufficiently clear whether, to what extent, and when the situation will become worse.

In the discussion of Harris's contribution, Gardner Clark, the American expert on Soviet steel, stresses the increasing shortage of high-grade iron ore: "By 1970, the shortage of high-grade iron may indeed become serious." But the main difficulties, he holds, are to come after 1970, and the problem will be relatively minor for the next five to ten years (pp. 179-80). Clark also mentions the shortage of coking coal, but does not elaborate on this important point. This shortage is likely to become more acute in the future.

In connection with his discussion of iron ore, Clark warns against projections for the future on the basis of overall rates of growth in agricultural and industrial production, labor productivity, and national income: such projections "are apt to overstate potential future growth." Projections for industry must be based, he maintains, on studies of individual industries (pp. 182-83). Unfortunately, however, only the steel industry (as well as transportation) has thus far been investigated in detail, and the only thing the analysts can do is to keep Clark's warning in mind in making their projections.

LABOR PRODUCTIVITY IN INDUSTRY. The official claim is that labor productivity in large-scale industry (including mining)

increased more than three-fold from 1928 to 1940 (10.3 percent per year; all Soviet computations of labor productivity are on an annual rather than a daily or hourly basis). Galenson's paper shows that while this claim is a great overstatement, a large increase indeed occurred (p. 198). His data by industries (unfortunately only eight of them are included) show that labor productivity made large gains—100 to 200 percent—in heavy industry (coal, iron ore, crude-oil extraction, and steel mills), though only small increases to none in consumer-goods industries (cotton yarn and cloth, shoes, and sugar). Galenson also reaches the conclusion (p. 203 and *passim*) that in 1939 output per man in Russian industry (probably large-scale industry only) was about 40 percent of that in the United States.

As regards the years since World War II, the official claim is that in 1950 labor productivity in industry was 37 percent above that in 1940, and thus even exceeded, slightly, the goal of the Fourth Five-Year Plan. According to Galenson (pp. 207–10), however, a more realistic estimate for this period, based on scattered data for individual industries, would be a gain in the order of magnitude of 5 to 10 percent.⁸ This indication that the official claims on labor productivity in postwar years are greatly exaggerated finds additional and strong support in the fact that the goal of the Fourth Five-Year Plan for hired labor was greatly exceeded, even though the output targets were not reached; the planned increase in hired labor from 1940 to 1950 was 3 million, and the actual increase 8.5 million.

The official figures on the rise in labor productivity in industry since 1950 are 10 percent for 1951 and 7 percent for 1952; there seems to be no reason to doubt the 1952 figure, but that for 1951 seems rather high. For the five years to 1955 the Fifth Five-Year

⁸ Other findings are close to this. Irving Siegel, "Labor Productivity in the Soviet Union," in *Journal of the American Statistical Association* (March 1953) p. 74, believes that the prewar level was regained by the end of 1950. The present writer has assumed a "slight" increase in labor productivity in 1950 as compared with 1940; see his article, "A Close-up of the 4th Soviet Five-Year Plan," in *Quarterly Journal of Economics* (May 1952) p. 163.

Plan schedules increases in labor productivity amounting to 50 percent in industry, 55 percent in construction, and 40 percent in agriculture. But the Soviet long-term plans are normally too optimistic on this score.

Galenson, largely on the basis of American experience, assumes that during the next twenty years the annual rate of productivity increase in Russian industry will be between 3 and 4 percent. This range, he believes, is if anything "on the high rather than the low side," but "the rate of increase for the first 10 years of the period may well be higher than that of the second 10 years" (p. 213). The present writer's tentative anticipation is a 4 to 5 percent average annual rise in labor productivity in industry over the next several years, until 1960 inclusive. This estimate is probably only slightly higher than Galenson's, and the difference between them is of course trifling in comparison with that of the Fifth Five-Year Plan.

INDUSTRIAL OUTPUT, 1928-37. For the period 1927-28 to 1937, when relatively detailed statistical data were still being released in the Soviet Union, Hodgman computes a value-added index for annual increases in large-scale state and cooperative industrial output (exclusive of lumbering). Series for 157 commodities, amounting to about 55 percent of the involved total, are compiled in physical terms and weighted by the 1934 payrolls, including contributions to social insurance. The other items constituting added value—that is, profits, interest, and rent—are ignored. "It is thought," he says (pp. 230-35), "that the omission of these elements probably has no significant effect on the relative net value-added weights for the different industries, for these elements are small relative to salaries and wages and payroll taxes."

Hodgman's index for the period 1927-28 to 1937 is a major effort, but its final appraisal must be postponed until the publication of his forthcoming book. It indicates that large-scale state and cooperative industrial production (without lumbering) increased by 271 percent from 1927-28 to 1937. For the same period the official value-added index showed a rise of over 500

percent, which is a more than 60 percent exaggeration of the upward trend.⁹ Hodgman did not recalculate his index for 1927-28 to 1937 to make it applicable to all industry, though the difference is substantial. Such recalculation, in conjunction with a shift from 1927-28 to 1928 as the base year, indicates that the output of all industry increased during 1928-37 by only about 175 percent,¹⁰ rather than 271 percent, as calculated by Hodgman.

Hodgman treats his index for 1927-28 to 1937 as covering all industry, even though he did not make the necessary adjustments for this extension (see Tables 7.5 and 7.6 on pp. 241 and 242, and accompanying text). Blackman uses Hodgman's index correctly (see p. 130), but unfortunately some of the other contributors do not follow this good example.

Hodgman's estimate of the rise in industrial production from 1927-28 to 1937 is not out of line with those of some other analysts. His index for 1937 (1927-28 = 100), recomputed to cover total industry and to 1928 as the base, is 10 percent below that of the present writer, if the added-value estimate of the latter is used for the comparison.¹¹ The Grossman-Shimkin estimate

⁹ According to I. Krasnolobov, "Factors of Growth of National Income in the Socialist Economy," in *Problems of Economics*, no. 9 (1940) p. 62, the added value of total industry increased during 1928-37 by 485 percent, which implies an increase of about 560 percent for large-scale industry.

¹⁰ The share of small-scale industry in total output went down from 22.8 percent in 1928 to 5.6 percent in 1937 (see Krasnolobov, *loc. cit.*), and an adjustment for this factor brings Hodgman's index figure for 1937 down from 371 to 303. Inclusion of lumbering reduces the latter figure by about 5 percent more. This adjustment is obtained by considering that the lumbering industry, in terms of added values, amounted to about 15 percent of all industry in 1927-28, and less than doubled from 1929 to 1937; see *Control Figures for 1929-30*, p. 466, *Socialist Construction of the U.S.S.R.*, 1936, p. 187, and *Third Five-Year Plan*, p. 208. Hodgman also omits consideration of private large-scale industry, which still amounted to 1.7 percent in 1927-28 (*First Five-Year Plan*, 3rd ed., vol. 1, p. 150) and later disappeared. Altogether, Hodgman's 1937 index figure, broadened to cover all industry, declines to no more than 290. The shift of the basis from 1927-28 to 1928 further reduces it to 275.

¹¹ On the basis of added values, and with 1928 as base year, this writer's estimate of total industrial production implies an index of 305 for 1937. The added value of total industry at 1926-27 prices was estimated at 26.9 billion rubles in Jasny, *The Soviet Economy During the Plan Era* (Stanford 1951) p. 35; it

for 1937, a gross-value index, in United States 1937 prices, surpasses by about 14 percent the gross-value estimate of the present writer in United States 1926-27 prices,¹² and hence exceeds the adjusted Hodgman index by more than 25 percent. The Grossman-Shimkin index needs a downward adjustment, though, for the not-considered lumbering and fishing, which increased much less than the total industry in the period involved.

INDUSTRIAL OUTPUT, 1938-40. For 1937, 1940, 1941 (Plan), and 1946-51, in the absence of the detailed data available for the more refined analysis of 1927-28 to 1937, Hodgman computes value-added indices based on the output of 22 selected commodities. In this process the defense industries, chemistry, most machinery, and certain other important items could not be considered (Symposium, pp. 235-36). The results show that in the three years from 1937 to 1940 industrial growth amounted to only 2.6 percent. The growth of industry was greatly retarded by the purges in those eventful years, but the figure was surely not so small as this. Even the target of the very ambitious 1941 Plan called for industrial output only 15 percent above that of 1937, on the basis of output of these 22 selected commodities.

was equivalent to 8.7 billion rubles in 1928, according to Krasnolobov (*loc. cit.*). Blackman's comparison of Hodgman's and Jasny's indices (Symposium, pp. 130-32) is made without the necessary adjustments of Hodgman's figures. Blackman's conclusions would presumably be different if this safeguard were taken.

¹²Gregory Grossman and D. B. Shimkin, in *Mineral Consumption and Economic Development in the United States and the Soviet Union*, supplement to D. B. Shimkin, *Minerals: A Key to Soviet Power* (processed, Harvard University, 1952). These authors say cautiously (p. 34), "it does not seem unreasonable to adopt as a working figure a three-fold increase in gross industrial output . . . between 1928 and 1937." Their estimate does not consider lumbering and fishing. The present writer's estimate for the same period in United States 1926-27 prices indicates a 2.6-fold increase (*The Soviet Economy*. . . , p. 17). May I suggest that their estimate would have been lower than mine if they had brought it in agreement with their index for gross national material product (the Soviet concept of national income). During 1928-37 the latter series, according to Jasny estimates in Soviet prices of 1926-27, rose by 113 percent as compared with an increase of 187 percent in gross industrial production—the first figure being 40 percent lower than the second. But according to Grossman-Shimkin (p. 49) these two increases were 56 percent and 200 percent respectively—the first figure being little more than one-quarter of the second.

By a procedure that will not be reported here, Hodgman estimates that for the targets of the 1941 Plan the index based on the output of 22 commodities (1937 base) must be raised by 13 percent, to take care of the omitted items. This correction is then applied to the estimates for 1940 and 1946-51 as obtained by way of the 22 commodities, but he believes the indices for 1950 and 1951 to need further upward adjustments (pp. 237-40). The 13 percent upward correction of the 1941 figure appears reasonable, but it does not seem justified to apply the same percentage to 1940 or to the years since 1946.

The same reasoning that justifies the 13 percent adjustment for the output scheduled by the 1941 Plan implies that the upward correction for 1940 should be about 40 percent less than Hodgman's figure—that is, not 13 but roughly 8 percent.¹³ If the latter figure is used, his data indicate for 1937 to 1940 (without adjustment for enlargement of the territory) an increase in total industrial output of 11 percent, as compared with the Grossman-Shimkin estimate of 10 percent, the present writer's 15 percent,¹⁴ and the official estimate of 44 percent.

POSTWAR INDUSTRIAL OUTPUT. Hodgman's application of the decline shown by the output of the 22 commodities from 1940 to 1946 (p. 241) to all industry seems plausible, but after 1946 his index starts a rather furious rise, reaching by 1950 a level 50 percent above 1940. Like many other analysts of the Soviet economy, Hodgman fails to specify the territory to which the 1940 estimates pertain (in the Symposium only Eason is precise in this matter), and therefore it seems desirable to consider first the period 1937-50. This is facilitated by the data in Table 2.

¹³ Obtained by using figures on the 1937-40 increase in the output of machinery, including the small item "other metal processing," and the increase in this item envisaged in the 1941 Plan (from N. A. Voznesenskii's report on that plan in *Pravda*, February 19, 1941)—on the grounds that the items necessitating the adjustment presumably consist mainly of machinery, and especially armaments (most of which are included with machinery in Soviet statistics).

¹⁴ This is the Jasny estimate for the pre-1939 territory. The estimate in which the postwar territory is taken for 1940 indicates a rise of 22 percent (see Jasny, *The Soviet Economy* . . . , p. 22).

TABLE 2. Indices of Industrial Output, 1928-37 and 1937-50

Item	1928-37 (1928 = 100)	1937-50 (1937 = 100)
Added values, 22 commodities (Hodgman)	330 ^a	154 ^b
Added values of large-scale industry (Hodgman)	353 ^c	no estimate
The same adjusted to cover all industry	275 ^d	" "
Added values, total industry (Hodgman)	no estimate	174 ^e
Gross production (Grossman-Shimkin)	300 ^f	160 ^f
Gross production (Jasny)	287 ^g	147 ^g
Mineral consumption (Shimkin)	355 ^h	164 ^h
Freight transport (in terms of ton-kilometers)		
Hunter	368 ⁱ	164 ⁱ
Blackman	363 ^j	169 ^j

^a According to Hodgman (Symposium, p. 237) his more comprehensive index showed a 7 percent greater increase than the output of 22 selected commodities in 1929-30 to 1937.

^b Symposium, p. 236.

^c Symposium, p. 232. Large-scale industry without lumbering and private enterprises. Base year transferred from 1927-28 to 1928.

^d See text above, especially note 10.

^e Symposium, p. 241.

^f Grossman and Shimkin (cited above, note 12) p. 49. The index does not cover lumbering and fishing, and is in United States 1937 prices.

^g *The Soviet Economy* . . . (cited above, note 11) p. 22, and "A Close-up . . ." (cited above, note 8) p. 163.

^h Grossman and Shimkin, *op. cit.*, p. 58. The index covers about 90 percent of mineral consumption; computation in United States 1937 prices.

ⁱ Underlying data kindly supplied by Dr. Holland Hunter.

^j Symposium, p. 128.

As Table 2 shows, Hodgman's 1950 index for industrial production (1937 = 100) tops all other indices, including those for mineral consumption and freight transport. Specifically, Hodgman's index for 1937-50 *exceeds* the corresponding index for output of 22 commodities by 13 percent, while his index for 1927-28 to 1937, properly adjusted, is 16 percent *below* that for output of 22 commodities. If the 1950 index (1937 = 100) based on 22 commodities needs an upward adjustment to make it applicable to the whole industry, this adjustment is but small. It is

6 to 9 percent below the respective mineral consumption and freight-transport indices. In 1928-37 the index for output of the 22 commodities was 7 to 9 percent smaller than those for mineral consumption and freight transport.

Hodgman's 1950 figure for total production appears too high also in relation to his estimate for 1940. The official claims are that during 1940-50 industrial output rose by 73 percent, and labor productivity by 37 percent—implying an increase of about 26 percent in the labor force in industry. If actually the rise in labor productivity was slight, as assumed by the present writer, a 26 percent increase in the industrial labor force indicates only about a 30 percent expansion in industrial output. If Galenson's estimate for the 1940-50 increase in industrial labor productivity is used (5 to 10 percent), the increase in industrial output over those years rises to 33 to 39 percent. The 22 commodities index used by Hodgman for total industry shows, however, a rise by 50 percent. It may be mentioned too that on the basis of Galenson's and the present writer's assumptions regarding labor productivity, there was probably not enough labor in 1950 to produce so great a volume of industrial goods as is indicated by Hodgman's figure, and to perform the corresponding amount of construction; nor would the necessary construction have been permitted by the available supplies of building materials.

Since Hodgman's estimate of the decline in output from 1940 to 1946 seems acceptable, while his estimate for 1950 appears too high, the problem boils down to the rate of increase in industrial output during 1946-50 or 1946-49. For the latter period, that is, for only three years, his indices indicate a rise of no less than 84 percent, though the mineral-consumption and freight-transport indices, which normally show a larger increase than the index for industrial output, rose by only 55 and 58 percent, respectively. Hodgman's percentage increases during 1946-49 appear too high also in view of the evidence on the rise in the number of wage earners and in labor productivity: according to official data, labor productivity in industry increased unbelievably during those years

(by 13, 15, and 13 percent, respectively), yet these figures would be correct if the increases in output of the 22 commodities correctly reflected the increase that took place in total industrial output.

There are also other grounds for suspicion. According to Hodgman, industrial output rose by 22, 25, and 21 percent, respectively, in 1947, 1948, and 1949. On the basis of relationships in official indices for gross production, these rises imply increases of 25, 28, and 24 percent, respectively, in the output of producer goods. It is known, however, that construction increased much less rapidly than this (capital investments of the state and the cooperatives rose by only 20, 23, and 20 percent, according to official data, while the increase in total investment and total construction was presumably even smaller), and there is no apparent reason for such a discrepancy between increases in the output of producer goods and in construction. Furthermore, Hodgman's indices imply that the prewar level was exceeded in mid-1948, even though he finds the increase to have been as great as 25 percent for the whole of the year, and still as high as 21 percent for 1949. And finally, there were not enough farm products to produce the amounts of consumer goods implied in Hodgman's 1947-49 indices.¹⁵

INDUSTRIAL OUTPUT, 1928-50. The findings on industrial output are summarized in Table 3, from which it can be seen that while Hodgman's original figures show that industrial output increased (between 1927-28 and 1950) by 546 percent, the increase is only 324 to 345 percent when his indices are put on a 1928 base and are recomputed to cover total industry and to include other necessary corrections; the difference between these

¹⁵ It may be argued that some of the reasoning advanced here with reference to the Hodgman index for 1940-51 applies only to an index of gross production, while his is a value-added index. The reasoning, however, involves primarily the relation between the index for 22 selected commodities and that for the total output, and both are supposed to be value-added indices. Also, it seems impossible to visualize to what extent the fact that the 22-commodities index is based on added values makes this index depart from an index for gross production.

TABLE 3. Indices of Industrial Production, 1928-50
(1928 = 100)

Year	Hodgman original a	Hodgman with suggested corrections	Grossman- Shimkin b	Jasny c
1928	100	100	100	100
1937	371	275 ^d	300	287
1940 unknown territory	430	302 ^e	330	no estimate
" 1939 territory	no estimate	no estimate	no estimate	330
" postwar territory	" "	" "	" "	350
1946	304	214	" "	238
1950	646	424 to 445 ^f	480	445 ^g

^a Added values, 1927-28 = 100; Symposium, Table 7-5, p. 241.

^b Lumbering and fishing disregarded; United States 1937 prices; Grossman and Shimkin (cited above, note 12) p. 49.

^c Real 1926-27 prices; *The Soviet Economy* . . . (cited above, note 11) p. 22.

^d Adjusted to apply to all industry and to 1928 as the base year.

^e Based on the increase shown by the index for 22 selected commodities after 1937, with an upward adjustment of 8 percent.

^f Based on the increase shown by the index for 22 selected commodities after 1937, without adjustment or with a 5 percent upward adjustment.

^g As implied in the estimate in "A Close-up. . ." (cited above, note 8) p. 163, but with a raise of 5 percent.

figures would be even greater if his indices were uniformly on a gross-value basis. The corrected Hodgman figures are very close to the Jasny estimates, and would be reasonably close also to the Grossman-Shimkin figures if the latter were not in United States 1937 prices.

Great progress in this important field is unmistakable. As compared with the official claims of an eleven-fold increase in Soviet industry during 1928-50, all private estimates of that growth are, when made comparable, practically the same. The official Soviet indices are dead, so far as serious research is concerned.

FUTURE INDUSTRIAL OUTPUT. In 1951 industrial output rose by 16 percent, according to the official figures, and by 15 percent according to Hodgman. The official estimate for 1952 (1951 = 100) is 111, and this figure may be acceptable—for the first time in more than twenty years. The Fifth Five-Year Plan schedules an increase of 70 percent in industrial production for

1955 over 1950; on a yearly basis the target is 12 percent per year, which is equivalent to a rise of about 75 percent in five years.

The probable increase in industrial output over the next decade is estimated by Hodgman at about 8 percent per year. It would be rather difficult, however, to bring this estimate in agreement with such output increases as his 21 percent for 1949 and 15 percent for 1950—both years in which output, according to his estimates, was above the prewar level. Indeed, Hodgman's figure of 8 percent for the future annual increase in industrial output is less than the increases that his estimates imply in labor productivity alone in 1949 and 1950.

Hodgman's forecast for the future is based primarily on the rates of increase during the peaceful part of the Third Five-Year Plan period, which means the years of the purge era. If it is his intention to leave room in his forecast for a repetition of the great deeds of Yagoda, Ezhov, and Beria, it is certainly necessary to say so—but even in this case it would be advisable to add a few normal years to the period considered. Actually, of course, it is impossible to say how great the decline in industrial output will be if there are again extensive purges; as was suggested at the beginning of this paper, any forecast must assume the absence of purges commensurable with those of 1937–38.

The present writer's estimate of growth in industrial output over the next seven years is implied in two estimates already mentioned: annual increases of 4.5 percent in industrial labor and 4 to 5 percent in labor productivity in industry. Taken together, these figures point to a yearly rise in industrial output of 8.7 to 9.7 percent, or say 9 percent.

INVESTMENT.¹⁶ One of the fundamentals of the Communist

¹⁶ In the Symposium, investment is handled by Norman Kaplan of the Rand Corporation. The April 1953 issue of the *Journal of Political Economy* contained, over Kaplan's signature, an article representing Rand's Project P-332 and entitled "Arithmancy, Theomancy, and the Soviet Economy," which attempted to discredit the present writer and his work. Since any criticism of Dr. Kaplan's paper in the Symposium might be interpreted as affected by his share in Rand P-332 (it does not seem to be a one-man job), I prefer to disregard that paper entirely.

creed is the greater expansion of producer-goods than of consumer-goods output. On the basis of the assumptions set forth at the beginning of this paper, a continuation of this policy must be envisaged for the purposes of forecasting. Also, the necessary assumptions regarding the future increase in farm output will not permit the annual output of industrial consumer goods to rise at a rate as high as that accepted for total industry. Hence a 9 percent estimate for the increase in industrial output implies a higher rate than this for expansion in the output of producer goods. The Fifth Five-Year Plan provides for yearly increases of 13 and 11 percent for producer goods and consumer goods, respectively.

The relation of the so-called capital investments (fixed investments of the state and cooperatives) to industrial output in general and output of producer goods specifically, as this is reflected in the targets of the five-year plans, is shown in the accompanying tabulation (in terms of scheduled percentage increases). As the

Five-Year Plan	Years	Industrial Output		Capital Investments
		Total	Producer Goods	
First ^a	1927-28 to 1932-33	136%	204%	228%
Second ^b	1932 to 1937	114.1	97.2	..
" ^c	1933 to 1937	97.6	79.1	77.8
Third ^d	1937 to 1942	88	103	67
Fourth	1945 to 1950	no data	no data	no data
Fifth	1950 to 1955	70	80	73 ^e

^a *First Five-Year Plan*, 3rd ed., vol. 1, pp. 129 and 131; all fixed investments.

^b *Second Five-Year Plan*, vol. 1, p. 429.

^c *Second Five-Year Plan*, vol. 1, pp. 686-87 and 716; the figure for output of producer goods was calculated on the assumption of a 10 percent increase from 1932 to 1933.

^d *Third Five-Year Plan*, pp. 197 and 26.

^e The Fifth Five-Year Plan scheduled an increase in capital investments of the state and cooperatives in 1951-55 at 90 percent over those in 1946-50. Recalculated to 1950 as the base and 1955 as the goal year, and under the assumption of equal yearly percentage increases, the goal is equivalent to a 73 percent increase.

figures in the tabulation show, the goal for capital investments exceeded that for producer-goods output in the First Five-Year Plan, and would have done this in the Second if the price pat-

tern did not tend to exaggerate the rate of increase in the output of producer goods (as well as in total industrial output). This exaggeration by the price factor was even greater in the Third Five-Year Plan, which in addition probably provided for a much higher increase in armaments (most of them are classed as producer goods in the Soviet Union) than in producer goods proper.

In view of these considerations it seems justified to assume that over the next several years the increase in capital investments will be close, perhaps even equal, to the increase in producer-goods output. For total investment, which is likely to increase somewhat less than capital investments, the same percentage increase is assumed as for total industrial output.

Transportation

Blackman's paper in the Symposium contains many useful data and findings, which cannot be discussed here, on account of space considerations. But his forecast is rather strange.

He bases his forecast on Stalin's long-range planning of the 1946 vintage. Disregarding the fact that Stalin wanted the 1940 industrial output trebled in three five-year periods or more, Blackman deals only with Stalin's specific wishes (coal, pig iron, steel, and crude oil). The targets for these products, augmented by those for lumber and grain, are then slightly adjusted upward, because Stalin's goals "proved to be quite conservative." The goal year for Stalin's long-range planning is arbitrarily regarded as 1962. On the basis of these assumptions, and others, Blackman (p. 153) estimates the total freight traffic in 1962 at 1,300 billion ton-kilometers, which implies a yearly increase of 4.6 percent.

Since the Symposium was published in 1953, Blackman's base year may as well be changed from 1950 to 1952. In that year freight traffic was equivalent to about 875 billion ton-kilometers (the Symposium, p. 128, gives 793 billion for 1951, and the increase in 1952 was something over 9 percent). Thus the increase expected by Blackman is actually equivalent to 50 percent in

ten years, or 4.2 percent per year. He makes this comment on his finding: "The rate of growth of freight traffic implied by a mid-range figure of 1300 billion ton-kilometers is about one-third the corresponding rates of growth realized in both prewar and postwar periods," but he seems not to be disturbed by this precipitous fall from past trends.

The 50 percent increase in freight traffic that Blackman's estimate implies for the *ten years* from 1952 to 1962 is only a little larger than the 46 percent increase scheduled in the Fifth Five-Year Plan for *five years*.¹⁷ Yet all previous plans' goals for freight traffic were exceeded, in spite of shortfalls of the output goals. In the course of the Fifth Five-Year Plan these shortfalls are likely to be smaller than usual, except in agriculture, and thus an even greater excess of freight traffic over the goal can be expected, *ceteris paribus*, on the basis of previous experience.

The present writer's estimate of the annual increase in industrial output over the next several years is 9 percent, as was mentioned above. An even greater percentage increase would have to be assumed for freight traffic on the basis of past relationships between rises in the latter and in industrial output. Several factors are likely, however, to operate against the continuance of past trends in this regard in full, one of them being the completion of the two huge hydroelectric stations on the Volga.

A forecast of an 8 to 9 percent annual increase in freight traffic during the next seven years seems absurd as compared with Blackman's figure. Moreover, it would be improper to conceal a considerable uneasiness in coming out with such an estimate, since the smaller figure was not challenged by Holland Hunter, the American expert on Soviet railways, who discussed Blackman's paper at Arden (Symposium, pp. 157-61). But this writer does not see adequate reasons for changing his estimate, which is equivalent to accepting the overall increase in freight traffic

¹⁷ This figure is contained in a statement by M. Z. Saburov, president of the Gosplan U.S.S.R., in his report to the Nineteenth Party Congress; see *Pravda*, October 10, 1952.

scheduled in the Fifth Five-Year Plan but referring it to a somewhat later and longer period.

National Income

It was an excellent idea to assign the principal paper at Arden to Gregory Grossman, perhaps the most promising among the younger students in the field. This writer disagrees quite substantially both with Grossman's analysis and with his forecast, but he finds the paper and its discussion by others very stimulating.

Grossman's forecast of future economic growth in the Soviet Union is based on two periods that he designates as times of "normalcy": 1928-37 and the two years 1949 and 1950. The annual increase in national income during 1928-37 is computed by him (pp. 5-8) in terms of what he calls "own" rate of growth, or current costs of each year, at 6.5 to 7 percent. In the two years 1949 and 1950, he maintains (p. 11), the increase in the Soviet national product was probably "somewhat higher, and hardly any lower, than the rate of growth between 1928 and 1937." And his forecast is (pp. 11-13 and 20-23) that the rate of growth in those two periods is extremely unlikely to be maintained in the two future decades. Alexander Gerschenkron, probably with considerable justification, interprets Grossman's forecast to mean "rates of growth of output considerably below those that were attained during the decade of the 'thirties" (p. 25; actually the rate during the 1930's was even smaller than that during 1928-37, but possibly Gerschenkron does not wish to be interpreted literally).

Grossman's "hypothetical 'own' rates of growth" in 1928-37 are based on this writer's indices in "real 1926-27 prices" ingeniously recalculated to 1937 market prices and 1937 factor costs (he gives credit to Gerschenkron for the idea of this recalculation). The result seems to be plausible. Producer-goods prices and construction costs were too high in the 1926-27 price pattern (in relation to other prices and costs) and much too low in the 1937 price pattern. The geometric mean between the increase

in 1926-27 prices (the original estimate) and that implied in the same data as recalculated by Grossman to 1937 factor costs should yield a more or less correct picture.

But Grossman's appraisal of economic growth in 1949 and 1950 seems to be a great underestimate. His idea that the annual increase in national income during these two years was not much different from that in 1928-37 is based only on the fact that the increases in mineral consumption and freight traffic were the same in the two periods (Symposium, p. 9, Table 1.3). These two indices, however, though of great value in analyzing industrial output, are much less helpful in estimating changes in national income. Farm output and private consumption make up a large part of national income, but they are only very loosely connected with the consumption of minerals, or, for that matter, with freight transport, which, as Blackman shows (p. 143), is dominated by industrial mass goods.

One of the big differences between the two periods is that in the two years 1949 and 1950 farm output must have increased by not much less than in the nine years from 1928 to 1937,¹⁸ and this difference was reflected throughout the private-consumption sector—in the output of industrial consumer goods and in retail trade as well as in private consumption proper. Thus the average yearly increase in private consumption in 1949 and 1950 may have been almost as large as the *total* increase in 1928-37.¹⁹

The accompanying figures (showing year-to-year percentage increases) enable us to take a closer look at the developments in 1949 and 1950. It can be seen that only the increase in farm output was of the magnitude accepted by Grossman for the increase in total national income in those years. Even the farm-output figures may have been moderately larger than Grossman's national-

¹⁸ The 1928-37 increase was estimated at roughly 20 percent in Naum Jasny, *The Socialized Agriculture of the U.S.S.R.* (Stanford 1949) p. 775, and a crude appraisal by the same writer indicates that in 1949 and 1950 the increase amounted to 16 percent (see note a in the tabulation below).

¹⁹ The 1928-37 increase was estimated at 10 percent in Jasny, *The Soviet Economy* . . . p. 65; on the increase in real wages from 1948 to 1950 see *ibid.*, p. 71.

<i>Item</i>	<i>1949</i>	<i>1950</i>
Industrial output, added values (Hodgman)	21%	15%
Gross industrial output (Jasny)	17	15
Mineral consumption (Shimkin)	13	14
Gross farm output (Jasny)*	6	9
Gross fixed investment of state and cooperatives (official)	20	23
Freight transport, on basis of ton-kilometers (Blackman)	17	14
Retail trade of state and cooperatives (official)	20	30

* Rough estimates based on the assumption that farm output rose by 45 percent from 1946 to 1950. This percentage was distributed on the basis of observations into 15, 10, 6, and 9 for 1947, 1948, 1949, and 1950, respectively.

income estimate. This possibility is suggested by the official estimates of the changes in volume of retail trade, which seem to be accepted as reasonably correct by everybody. The increase in total retail trade (including trade in peasants' markets) is likely to have been smaller than the official figures shown in the tabulation for the volume of trade of state and cooperatives alone, but it must have been considerable, especially in 1950. The reductions in the prices of consumer goods in 1949 and, especially, in 1950 also suggest large increases during those years in farm output, retail trade, and private consumption.

This writer's estimate that the average increase in industrial output in 1949 and 1950 was some 16 percent is unlikely to be considerably off the mark, and indeed may need a small upward revision. The official estimate of a 21.5 percent average increase in fixed investment of the state and cooperatives, like that for trade, is not doubted by anyone; again the increase in total investment is likely to have been smaller than this, but the needed adjustment is probably slight. All in all, under the specific conditions of these two years, national income probably increased by not much less than total transport. To this writer it seems doubtful that its growth in 1949 and 1950 was significantly under 13 percent per year.

It is worth while to make one more point in this connection. The Soviet economy was immensely weakened by World War

II, but by 1950 its prewar level was exceeded. This implies, of course, that national income increased enormously in 1945-50—perhaps by something like 75 percent. Moreover, 1946 was a bad year, and so was the first half of 1947, and thus Grossman's estimate of the rise in national income in 1949 and 1950 would imply for the two years 1947 (of which half a year was mediocre) and 1948 the obviously improbable increase of roughly 50 percent.

Gerschenkron, in discussing Grossman's paper, makes the statement (p. 31) that "by comparison with the 'thirties, Soviet Russia's economic growth during the decades to come will benefit neither from a comparable rate of technological progress nor from comparably large reserves of man power." This, of course, is true, though it is to be hoped that, so far as forecasting is concerned, "decades to come" do not extend beyond 1970. But in the 1930's there were only three good years (1934-36). During the nine-year period 1929-37 there were the same three good years plus two years (1929 and 1930) of less uniform goodness (decline in agriculture). If the advantages mentioned by Gerschenkron are weighed against the vast destruction during the period of bacchanal planning and the effect of the purges on the economy in 1937, there is no doubt which side of the scale is far the heavier—even if we deal with the period 1928-37 rather than with the 1930's.

Moreover, while it is true that there will not be in the future the practically inexhaustible reserves of labor which were available at the start of the great industrialization drive around 1928, the supply of new labor will permit a quite substantial yearly rate of economic growth. Also, labor productivity is still sufficiently low in wide sectors to make possible quite considerable annual increases for several years to come.

There is full agreement that the future growth—even for seven years, not to speak of twenty—is not likely to duplicate that of 1949 and 1950. But it makes a great difference whether the descent starts from the level of 6.5 or 7 percent, which is Grossman's estimate for those years, or from the present writer's esti-

mate of 12 to 13 percent. For 1951 and 1952 the official figures for the increases in national income are 12 and 11 percent respectively. There seems no reason to doubt the 1952 figure, and that for 1951 is not likely to be much too high. It should be noted, though, that the official Soviet concept of national income regularly shows somewhat larger increases than does the American concept in application to the Soviet Union.

For the next seven years, through 1960, the present writer's crude estimates of the average annual percentage increases in the various economic categories are summarized in the accompanying figures. The composite percentage, which will indicate the in-

Farm output, gross	3 to 3.5%
" " net	3.5 to 4
Gross industrial output	9
Construction	9
Freight transportation	8 to 9
Investment	9
Private consumption	5.5 to 6

crease in national income, depends on the price pattern used. If a price pattern is selected which will make private consumption amount to about half of national income, the indicated annual increase in the latter during 1954-60 is about 7 to 7.5 percent.

Summary

The following tabulation summarizes the findings of the Symposium contributors and the present writer regarding the annual percentage increases that the Soviet economy may be expected to show in the future. It can be seen that my estimates are consistently higher than those of the conference participants. The closest agreement is in regard to labor productivity in industry (Galenson). Hodgman's estimate for industrial output is probably substantially below mine, since the weights he uses must tend to show particularly large rates of growth. Grossman's estimate for national income may differ from mine even more

<i>Item</i>	<i>Symposium</i>	<i>Jasny</i> (1953-60)
National income	much less than 6.5 to 7% over 20 yrs. (Grossman)....	7 to 7.5%
Agricultural production		
Gross	1.5% until 1970 (Kershaw).....	3 to 3.5
Net	no estimate	3.5 to 4
Industrial production		
Value added	8% over 10 yrs. (Hodgman).....	
Gross		9
Labor productivity		
Agriculture	2% until 1970 (Kershaw).....	3 to 3.5
Industry	perhaps more than 3 to 4% over 10 yrs. (Galenson)....	4 to 5
Freight traffic (ton-kilometers)...	4.6% 1950-62 (Blackman).....	8 to 9
Investment	no estimate	9
Private consumption	" "	5.5 to 6

than that of Hodgman. It might be pardonable for individual analysts working alone to arrive at such questionable estimates as an annual 1.5 percent increase in farm output over the next seventeen or eighteen years—which implies a small decline in per capita consumption of farm products by both the urban and the rural population—or an increase of 4.6 percent per year in freight transport during 1950-62, which is little more than half of the annual rate provided in the Fifth Five-Year Plan for 1951-55. But these figures originated in the Rand Corporation of the Air Force, with its vast financial resources; and in view of the importance attaching to reliable estimates of the Soviet economic growth it could be wished that these resources were used more responsibly.

It is fully recognized that an annual economic growth of 7 to 7.5 percent over several years in succession would be very large and indeed, from a certain viewpoint, very dangerous. But the Soviet economy is geared to great expansion, primarily through its very large rates of investment, utilized almost exclusively for further rapid expansion.

It must again be emphasized, however, that this writer's anticipations assume conditions like those prevailing in 1947-52, with the reservation that in this span the early years were a period of

recovery, which naturally proceeds at a more rapid pace than does expansion beyond levels previously reached. The conditions envisaged may be characterized as those in which "Stalin has everything his way." It is hardly necessary to emphasize that this writer hopes Stalin's successors will not find these conditions fulfilled.

AUTHOR'S POSTSCRIPT—In the foregoing paper, completed in July 1953, an attempt was made to determine the potential of the Soviet economy under conditions of a smooth development proceeding according to the wishes of those in power. The past few years, since the restoration of the Soviet economy to the prewar level, were believed to have been the realization of this potential, and the period 1954-60 was visualized as their continuation.

N. S. Khrushchev's report on September 3, 1953, to the Central Committee of the Communist Party ("On the Measures of Further Development of the Agriculture of the U.S.S.R.," published, inter alia, in *Communist*, no. 14, 1953, pp. 11-37) reveals a situation in agriculture worse than that visualized here. The assumed smooth development along the previous lines now appears hardly possible. The future is too nebulous to be forecast, and therefore it is impossible now, in February 1954, to revise the present paper. The paper seems, however, to contain enough meat to justify publication as it is.

MILL AND THE PROBLEM OF FREEDOM OF THOUGHT

BY HENRY M. MAGID

I N THE first part of this paper I shall endeavor to analyze John Stuart Mill's defense of liberty of thought. It will be shown that on the basis of his assumptions it is not possible to justify absolute and unlimited freedom of thought; nor is it possible, in Mill's terms, to justify limitations on freedom of thought. This *reductio ad absurdum*, that we can justify neither limited nor unlimited thought, will lead to a further exploration of Mill's assumptions. Using the results of this analysis, I shall, in the second part of the paper, make some suggestions toward a theory concerning the conditions of intellectual freedom in the modern world. Thus the aim of the paper is twofold: to point out certain difficulties in the modern liberal approach to the problem of freedom of thought; and to suggest a more fruitful line of investigation.

I

Mill was concerned about the growing tendency of society to require individuals to conform to the prevailing pattern in their beliefs and their actions. This tendency, if not resisted, would, he believed, grow more and more dangerous. Earlier thinkers had hoped that the rise of popular government would bring with it an inevitable increase in freedom. But what resulted, Mill pointed out, was the substitution of social control, control by public opinion, for control by governmental authority. The power of society is so much greater than the power of any ruling group that this shift represented an even more serious threat to liberty than had previously existed.

In attempting to combat this tendency toward social control, Mill formulated, in his classic essay, *On Liberty*, one basic principle and a number of subordinate principles. Their correctness,

he alleged, is proof of the illegitimacy of these attempts by society to require the individual to conform.¹

The basic principle is ". . . that the sole end for which mankind are warranted, individually or collectively, in interfering with the liberty of action of any of their number, is self-protection. That the only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others. . . . The only part of the conduct of any one, for which he is amenable to society, is that which concerns others. In the part which merely concerns himself, his independence is, of right, absolute. Over himself, over his own body and mind, the individual is sovereign" (pp. 72-73).

A few pages later he goes on to delineate the "appropriate region of human liberty." This, he said, "comprises, first the inward domain of consciousness; demanding liberty of conscience in the most comprehensive sense; liberty of thought and feeling; absolute freedom of opinion and sentiment on all subjects, practical or speculative, scientific, moral, or theological. The liberty of expressing and publishing opinions . . . being almost of as much importance as the liberty of thought itself, and resting in great part on the same reasons, is practically inseparable from it. Secondly, the principle requires liberty of tastes and pursuits . . . Thirdly, from this liberty of each individual, follows the liberty, within the same limits, of combination among individuals; freedom to unite, for any purpose not involving harm to others" (p. 75).

And now one final quotation: "No society in which these liberties are not, on the whole, respected, is free, whatever may be its form of government; and none is completely free in which they do not exist absolute and unqualified" (p. 75).

In arguing for this view, Mill restricts himself, to begin with, to the defense of liberty of thought, and he does so for two reasons.

¹ All references to Mill's *On Liberty* are to the Everyman's Library edition of John Stuart Mill, *Utilitarianism, Liberty, and Representative Government* (New York 1940).

First, the grounds, "both philosophical and practical," on which liberty of thought rests are not familiar to everyone; and second, "these grounds . . . are of much wider application than to only one division of the subject" (p. 77). The defense of liberty of thought, it will be recalled, takes the following form. The divergent opinion may be true. If we suppress it, we keep ourselves from learning the truth, and we show ourselves ungrateful to benefactors of mankind. On the other hand, the divergent opinion may be false. If we suppress it, the truth of the received opinion tends to be held as a dogma rather than as a living truth, and we miss the opportunity of educating the holders of false beliefs. In general, the truth is arrived at by weighing arguments on both sides, neither of which as a rule has the whole truth.

This bare sketch of Mill's views as presented in Chapters I and II of his essay cannot hope to do justice to the subtlety of his thought and the fairness of his analysis.

The main difficulty that men have found in attempting to use this essay as a guide to the solution of practical problems of liberty in a free society may be formulated as follows: where do we draw the line between acts that concern only the agent (self-regarding acts) and those that concern other members of society (other-regarding acts)? Many pages have been devoted to the analysis of this question, but no satisfactory criterion has been forthcoming. The most influential and widely used criterion, "clear and present danger," appears at first sight to reduce the question to an empirical one. If there is a clear and present danger, freedom may be limited. If not, then freedom should not be limited. But this is merely a restatement of the question. The problem has to be raised again, that is, what is the criterion of a clear and present danger? And while this question seems to be an empirical one, it contains the same sort of normative or moral elements as the original question.

Underlying this difficulty, it seems to me, is an even more fundamental one, which is to be found in Mill's delineation of the areas or regions of human liberty. On the one hand, Mill

says that the liberty of thought must be absolute, while, on the other hand, the liberty of action (tastes, pursuits, associations) must be limited as required by the interests of other individuals who may be affected by particular actions.

Some may doubt that this distinction is made by Mill in this definite way. In fact, as I shall indicate below, Mill himself gives good reason to question that this is really his view. I would like to argue that it was indeed his opinion when he wrote the first two chapters of *On Liberty*; for only on the hypothesis that liberty of thought should be absolute does this defense of liberty in Chapter II have any cogency.

Mill says, in Chapter I, "The great writers, to whom the world owes what religious liberty it possesses, have mostly asserted freedom of conscience as an indefeasible right, and denied absolutely that a human being is accountable to others for his religious belief" (p. 71). A little further on he rejects the attitude of most people, for whom "the duty of toleration is admitted with tacit reserves" (p. 71). He also says, as quoted above, "Over himself, over his own body and mind, the individual is sovereign" (p. 73), and mentions "absolute freedom of opinion and sentiment on all subjects" (p. 75). In Chapter II he says, "Complete liberty of contradicting and disproving our opinion is the very condition which justifies us in assuming its truth for purposes of action; and on no other terms can a being with human faculties have any rational assurance of being right" (p. 81). He also rejects the view of those who say that the argument for freedom of thought should not be pushed to an extreme (p. 83). Further, his basic argument against any suppression of thought is that suppression rests on an assumption of infallibility which is never justified (pp. 79 ff.). These citations appear to me to be sufficient to justify the view that for Mill freedom of thought was absolute, in the sense that society is never justified in suppressing thought, whether on the ground of its content or consequences, or on the ground that very few people hold the view being suppressed.

Although I consider that this is the correct interpretation of

Mill's position, two passages from *On Liberty* may be cited which apparently contradict my interpretation. In a footnote (p. 78), after asserting that "there ought to exist the fullest liberty of professing and discussing, as a matter of ethical conviction, any doctrine, however immoral it may be considered," he goes on to say in reference to the expression of the doctrine of tyrannicide, "As such, I hold that the instigation to it, in a specific case, may be a proper subject of punishment, but only if an overt act has followed, and at least a probable connection can be established between the act and the instigation." It is my contention that this footnote is not consistent with Mill's main argument for freedom of thought. Mill cannot hold that belief in one's own infallibility is never justified and that such infallibility is presupposed in every attempt to suppress free thought, and at the same time contend that a "probable connection between the act and the instigation" is sufficient for punishment.

The second of the two passages referred to above is from Chapter III, where Mill declares that ". . . even opinions lose their immunity when the circumstances in which they are expressed are such as to constitute their expression a positive instigation to some mischievous act. An opinion that corn-dealers are starvers of the poor, or that private property is robbery, ought to be unmolested when simply circulated through the press, but may justly incur punishment when delivered orally to an excited mob assembled before the house of a corn-dealer, or when handed about among the same mob in the form of a placard" (p. 114). Here Mill recognizes the obvious fact that speaking and writing are forms of action, and that as action they must come under the same limitation as all other forms of action—that is, they must be so limited as to prevent harm to other people. But what is the result of this line of analysis? It seems to imply that thought or conscience must be absolutely free, but that action, including the expression of thought by speaking or writing, must be only relatively free, that is, may be limited to prevent harm to others.

This consequence is contradicted, however, by other passages. In the first place, Mill makes it quite clear that liberty of expression is inseparable from liberty of thought (pp. 75, 77). Secondly, the practical consequences of this view run counter to what Mill conceived to be the tendencies of a healthy and progressive society. According to the view we are now considering, man should be permitted to think anything he likes, as long as he refrains from communicating his ideas to other people. If this principle were applied, and even if some practical prohibition were found that would be less drastic than the one just mentioned, the alleged benefits of free thought—advancement in science, arts, education—would be lost to mankind. Certainly this line of thought would be rejected by Mill.

But what are the other possibilities? There seem to be two main ones. First, we may say that writing and speaking are not to be included in the category of actions, and that Mill's assumption that they are actions is not valid. This position, however, could hardly be maintained. A man may conceal what he thinks, but his expression of his thought is directed toward other people, and since it may very well influence their behavior it must come in the category of action. This, of course, would be Mill's view.

A second possibility involves the recognition that while thought is distinct from all action in one sense, at the same time it is possible, in another sense, to make a distinction between that kind of action which is speaking and writing and that kind which is tasting, pursuing, and associating. But while we may recognize in an a priori way that such a distinction is possible, it is another thing to formulate what the distinction is. The two kinds of action (speaking and pursuing, for example) can produce identical results; each can work much good or much evil in society (however good and evil are defined). Perhaps it will be said that, of all forms of action, writing and speaking must have the greatest freedom, since they are intimately connected with the pursuit of the truth or with the achievement of the good life conceived of in terms of individuality, while other actions are not.

Although Mill says much that would support such a view, the relevance of the following remarks ought to be recognized. It has never been established that freedom of expression is necessary for human happiness in general, although it may be recognized that it may promote the happiness of those human beings who are interested in the pursuit of truth. Mill's insistence that all human beings need the maximum possible freedom of expression for their long-range happiness is the result of reading his own desires and interests as the desires and interests of mankind in general.

We may now return to the original problem. Are we at this point forced to say that the position of Mill comes to this: expression is indeed action and ought to be limited, and therefore there is no absolute freedom except to think one's own thoughts? If that is the case, then Mill's argument has failed, and a different conception of the nature and function of freedom of thought is required.

This conclusion may raise some doubts in the reader's mind. Can it be that if this one point is confused then the whole structure of the argument falls? Let us see. It may be argued against me that what I have proved, assuming my points to be well-taken, is that the idea of *absolute* liberty is either untenable or without practical significance. But is that so disastrous a consequence? Will not *limited* liberty do just as well? Doesn't Mill himself say that what is necessary for a completely free society is that limited liberties exist in an absolute and unqualified way? All that is necessary is to recognize that there is no such thing as absolute liberty. What there can be is limited liberty *existing* absolutely (p. 75).

The plausibility of this argument is only superficial, as can be shown quite clearly by a consideration of the nature of the limitations it would place on liberty. As Mill puts it, we ought to have the liberty of "doing as we like, subject to such consequences as may follow: without impediment from our fellow-creatures, so long as what we do does not harm them, even though they should think our conduct [here we would have to add "and our thought"]

foolish, perverse, or wrong" (p. 75). Mill had pointed out previously that here he is not referring to harm done to another person with that person's consent and participation. What we must consider at this point is the consequences of actions and thoughts. Every action or thought has consequences. If, in a particular case, all the consequences affect solely the actor, or other individuals with their consent, then the action should be absolutely free. On the other hand, if the consequences of an action touch other individuals without their consent, and if in addition these consequences are harmful, then and only then has society a right to protect itself by limiting the action. But there are both practical and theoretical difficulties in this view. How do we know what the consequences of different actions are? At the common-sense level we can say we know by past experience. At a more refined level we would refer to scientific knowledge. But let us consider how scientific knowledge bears on this question of providing grounds for making rational decisions concerning what actions or thoughts ought to be limited.

One of the results of the growth of scientific knowledge is that we now have more information than ever before concerning the effects of various kinds of actions. In addition, science has taught us that it is dangerous to look at these matters too abstractly. A given action can have one set of consequences in one context and very different consequences in another context. These remarks seem to point to the conclusion that with the growth of scientific knowledge about individual and social behavior, we learn more about the consequences of actions, and, a fortiori, more about the harmful consequences of those actions that have harmful consequences. Thus the tendency of the development of science is to provide the ground for more and more limitations on liberty as more and more harmful consequences emerge. Consider, for example, present-day views on child-rearing. Actions that were thought to be innocuous or even beneficial in Mill's time are felt to have very harmful consequences in the light of present psychological knowledge. What this means is

that it becomes more and more difficult to make a decision on the basis of the available evidence as to what actions should be limited because of their harmful consequences. The more we know, the more difficult it is to make a rational decision.

But this practical consideration is almost insignificant beside the fact that scientific research itself is a kind of action. Hence the principles which apply to the limitation of freedom of action must apply to it as well. To what extent can freedom of scientific inquiry be defended under the interpretation of Mill's theory which we are now testing, that is, that what he is defending is limited liberty? No one would deny that scientific inquiry has had beneficial effects. It is equally true that scientific inquiry has had harmful effects. The defense of the limited-liberty view would require us to assert that it is necessary to control scientific inquiry to prevent its harmful effects. But is it possible to do this in a rational way? Scientific knowledge when it is achieved enables us to predict the effects of various courses of action, and so provides a basis for the possible control of actions to prevent their harmful consequences. The results of scientific investigation itself cannot be predicted, however, and therefore there is no rational basis for controlling scientific inquiry. Thus we would be committed both to the necessity and to the impossibility of limiting scientific inquiry.

Putting aside these dialectical arguments and getting back to Mill, we must remember that the most effective and earnest chapter of his essay is the defense of liberty of thought and discussion. He is not interested in establishing that thought and discussion should have some sort of qualified freedom. The manner in which he presents his argument seems to suggest that the belief in absolute liberty of thought and discussion is not only important in itself, but is the basis for all other liberties (p. 77). If that is lost, all is lost. The qualified liberty in the realm of action is the result of Mill's recognition that there are obvious practical difficulties in the way of absolute freedom of action. But more of this below.

I should now like to consider one more aspect of Mill's theory, an aspect that is sometimes neglected but appears to me to be of fundamental importance. Mill says in the introductory chapter that it is "hardly necessary to say that this doctrine is meant to apply only to human beings in the maturity of their faculties." He omits children, those who are under age or mentally deficient, and "those backward states of society in which the race itself may be considered in its nonage" (p. 73). "Liberty as a principle," he says, "has no application to any state of things anterior to the time when mankind have become capable of being improved by free and equal discussion. . . . as soon as mankind have attained the capacity of being guided to their own improvement by conviction or persuasion (a period long since reached in all nations with whom we need here concern ourselves), compulsion, either in the direct form or in that of pains and penalties for non-compliance, is no longer admissible as a means to their own good, and justifiable only for the security of others" (73-74).

In other words, there are intellectual preconditions for the existence of liberty in Mill's sense. His reference to races in their nonage has been taken as an example of his ethnocentrism. This may be so. More important, it seems to me, is that Mill's view reflects an optimism about the state of the human intellect which is not consistent with other views of his.² People who are capable of being improved by free and equal discussion may not be so numerous as Mill here so readily assumes. To be capable of being improved by free and equal discussion means to be concerned to arrive at the truth about a particular matter, and to be far enough along on the road toward the truth to be willing to allow your opinion to be determined by the evidence available. Or, to put it in a more traditional way, Mill is supposing that men are guided by their reason rather than by their passions or their wills.

While it may be true that many individuals have achieved the

² Compare, for example, Mill's view of the state of public opinion in his essay, "Civilization," in *Dissertations and Discussions* (New York 1874) vol. 1, pp. 208 ff.

necessary level of intellectual maturity, even these individuals have not achieved it in all realms of inquiry. A man who would be guided only by the relevant evidence in a matter of chemistry may very well be incapable of being improved by free and equal discussion in politics—on the subject of civil rights, for example. Many individuals would fail to satisfy Mill's requirements for admission to free discussion in any field. In my opinion, Mill's mistake is not in setting up requirements of intellectual maturity for admission to the free society, but in his parenthetical assumption that peoples in modern countries automatically qualify for admission. Nevertheless Mill, in his recognition of the necessity for admission requirements, has given us a clue, one which later thinkers unfortunately failed to follow up.

Let me recapitulate briefly. Up to this point I have directed my analysis to four main points: first, Mill's defense of liberty of thought is a defense of absolute or complete liberty; second, Mill feels that expression is inextricably bound up with thought, and therefore that if the latter ought to be absolutely free the former should be as well; third, Mill does not make a coherent theory of these two ideas in conjunction with another assertion he makes—that action ought to be limited by society for its self-protection—if we assume that expression is a kind of action; and fourth, Mill recognizes the need for intellectual, and perhaps moral, qualifications for admission to the arena of free thought and discussion.

II

In view of the difficulties that I have pointed out in Mill's approach to the problem of freedom of thought, it becomes necessary to re-examine the question. The remainder of this paper will present certain reflections on the problems of freedom of thought, inquiry, and expression which have grown out of the kind of dilemma in which Mill's approach leaves us.

Let me start with the question of freedom of thought. In its narrowest sense, the claim to freedom of thought is the claim to

a right to think your own thoughts, to grow intellectually in your own way. If thought is divorced from action, few people will see any harm in this. At an earlier time, however, thinking one's own thoughts in one's own way was considered dangerous—for example, if the safety of the community was felt to be dependent on the religious piety of all its members. One of the charges against Socrates was that he did not believe in the gods of the polis. Thus, in this context, the demand for intellectual liberty might be interpreted as the demand by the philosophically inclined for the right to pursue knowledge. Inquiry is conceived of as the reflective inquiry of individuals.

But did these early thinkers demand freedom of expression? This idea was certainly not prominent. How does it happen that in ancient times men concerned with the individual pursuit of the truth ignored freedom of expression, while Mill, in the nineteenth century, says that freedom of thought and of expression are practically inseparable? Modern liberals will hasten to reply that in the intervening years much was learned, and hence we see now that the existence of freedom of thought without freedom of expression is vain. But when something new is learned, something old is often forgotten. The ancient view took seriously the distinction between thought and action (or as we would say today, between theory and practice). Plato's *Apology of Socrates*, which may be interpreted as a defense of freedom of thought, is followed by his *Crito*, which argues for complete conformity to the laws of the state. One might almost draw the conclusion that what Plato was saying was that only by complete conformity in action can one hope to achieve the conditions of freedom of thought, though to defend this interpretation would require a longer discussion than is appropriate here.

But how are we to answer the modern critics? What good is freedom of thought without freedom of expression and some freedom of action? Only on the basis of some such assumptions as the following will any good be found in it. For some people the truth is the highest good and hence ought to be sought. In ad-

dition, the way to seek it is by individual reflection. Therefore absolute freedom of thought in this sense is the *sine qua non* of this, the philosophic life.

Of course the modern critic would not accept this as an adequate answer. He would offer three main kinds of objections. First, he would say that if this is what is meant by freedom of thought, he does not see how it is possible to infringe on it; we might point out, in answer to this objection, that the denial of leisure as well as various devices of modern technology have made possible some limiting of this kind of freedom by modern tyrants, though the fact that it can never be completely stamped out is a hope of mankind. Second, he would say that the claim to this kind of freedom is the claim of a few for special privilege, if justified on the ground I have indicated, and hence cannot be a just moral claim. Third, the modern critic might add that the assumption that the pursuit of truth is a way of life misconceives of the nature and function of truth as well as of the nature and function of man in society.

These last two objections are the result of a radical change in values which has occurred in the transition from the ancient world to the modern world. What is the nature of this transformation in so far as it bears on the problem we are considering? How has the transformation affected the claim to freedom of thought?

It is my contention that the central factor in this transformation has been the substitution of modern empirical natural and social science for philosophy in the classical sense. Whereas the pursuit of knowledge was understood in the earlier period as individual philosophical inquiry, it is now conceived of as the search for empirical scientific knowledge. What is the significance of this change? This can best be shown by pointing up (perhaps to the extent of overemphasizing) certain contrasts between the two conceptions.

Philosophy (and here I shall use the term in the classical sense) is a private search for the truth. As for science, its public character as an essential part of its nature has become a commonplace

for most thinkers. Science is not only public; it is a cooperative endeavor of many individuals to produce a common product or shared result, that is, the body of scientific knowledge. Philosophy, on the other hand, involves many individuals, each trying to discover the truth for himself. Philosophic knowledge is not conceived of as communicable in the ordinary sense of the term. To be sure, suggestions can be offered by one individual which may be helpful to another individual in his separate and distinct pursuit of knowledge, but each man must start from the beginning and ultimately must make his own way.³ In science the procedure is for the novice to acquire all that has been discovered in the past and then attempt to add to the sum of knowledge. Thus, in summary, on the one hand we have a private search by the individual for the truth; on the other we have the cooperative and cumulative public process of acquiring a shared body of empirical knowledge.

But there is more to this distinction. The philosopher in ancient times considered himself a stranger in his own city, a true citizen only of the ideal state. This might be conceived of as the social or political reflection of the fundamental distinction between thought and action. Thought was divorced from action, that is, the philosophic life was divorced from the practical life. Modern science denies any such distinction. Thought, or the pursuit of scientific knowledge, is conceived to be justly subordinate to non-scientific individual and social goals. The pursuit of knowledge is not a way of life, but a part of (in other words, is continuous with) the way of life of action, and seeks to promote the achievement of the goals of action.

If this distinction is tenable, we may now consider the significance, for the problem of freedom of thought, of the transformation which replaced the conception of the pursuit of knowledge as philosophy by the conception of the pursuit of knowledge as science.

The modern scientist claims the freedom to pursue modern

³ See Plato, *Epistle VII*, 341 d.e.

scientific knowledge. He asks for freedom of thought in the narrow sense, but he demands much more. He demands freedom of inquiry (freedom to experiment), and freedom of expression. While there is no question that freedom of inquiry and expression would be helpful to the individual pursuing truth in the manner of the ancient philosopher, for the modern scientist these freedoms seem essential to his endeavor to achieve empirical knowledge. Leaving the question of inquiry aside, we see that we are back at the problem of freedom of expression.

The demand of the modern scientist for freedom of expression is ambiguous. What is he demanding? In the first place, he demands freedom to express his ideas to other scientists, on the ground that discussion is a necessary condition of scientific progress. Unless other scientists know what you are doing, they cannot test your hypotheses, and conversely. It seems to me that this claim is justified, that is, that the growth or development of scientific knowledge is a social enterprise and would be severely handicapped without such communication among scientists.

Another claim is made, however, and with equal insistence. This further claim does not rest on any scientific necessity. It stems rather from the fact that the rise of democracy and the rise of science were concurrent in the modern world. This is the claim to freedom to express one's ideas to the non-scientific public. As I said, this claim does not have any scientific justification. It rests, first, on the theory that the non-scientific public has a right to this knowledge, since society provides the conditions that make scientific investigation possible; and second, on the assumption that scientific findings, when made available to the non-scientific public, will produce effects that will benefit society, promote the general welfare, produce the greatest happiness, and have other beneficial results. It seems to me that neither of these arguments is satisfactory.

As to the first argument, if the non-scientific public has a right to the product of scientific activity on the ground that it has made this activity possible, then the public (that is, society) has a

right to everything the individual has because it makes the life of the individual possible. This way lies totalitarianism and the destruction of the very freedom that is being defended, including freedom of thought.

The second argument is no better. I have already remarked that the publication of scientific results and their use by the non-scientific public have produced results both beneficial and harmful. It is the crudest kind of a priori optimism to suppose that the results must inevitably be beneficial. In any case, since beneficial and harmful results are clearly apparent to us, the most that can be said is that the results will be beneficial in the long run. But in view of the impossibility of predicting the results of scientific inquiry, I do not see how this could possibly be established, or even that it could be established that we are going to have a long run.

If these two arguments fail, what follows? I believe that the inescapable conclusion must be that the demand for freedom of expression in this second sense has no rational justification, and therefore that the scientist has no right to claim it. Thus, in summary, we may say that the scientist requires and hence can justly claim freedom to express his ideas to other scientists, but he does not require and hence cannot claim freedom to publicize his ideas.

At this point in our inquiry, a difficulty looms before us. If scientists have no just claim to express their ideas freely to the general non-scientific public, how will the results of scientific research be utilized for the benefit of mankind? If scientific knowledge is to be the private possession of a select group of individuals in the community, how will they make their social contribution? The difficulty suggested here brings us to the problem of the relation of science to society. It is beyond the scope of this paper even to pretend to go into the various ramifications of this complicated and fundamental problem of modern society. I should like, however, to suggest a line of analysis of this problem which emerges from the attempt to use some of

Mill's ideas, especially his idea that a free society has preconditions for membership, and to suggest briefly a few implications of these suggestions for recent thought.

Conceive of two societies. The first of these is the society in which we live. The condition for membership is birth—not noble birth, but simply being born. An individual is conceived of as having certain rights and obligations as a result of being born, and in general these may be summarized as the right to equal treatment. This society, like any other, establishes one basic limitation on its members: they are not to pursue any line of activity that is incompatible with the continued existence of the society. It is on the basis of this principle that criminal activity is proscribed. It is to this society that we can apply Mill's arguments in favor of liberty of tastes and pursuits and liberty of association. On the basis of these liberties groups of individuals come together and associate for diverse purposes.

The numerous associations that arise from this tendency may be conceived of as distinct societies within the broader society just mentioned. Consider one of these societies in particular—the one that is composed of all those individuals who are engaged in scientific research. It may be pointed out that no such society actually exists in any formal sense. But that does not concern me here. What I am concerned with is what has been called the scientific fraternity. What are the conditions of membership in this society? It seems to me that several things are involved. In the first place, a certain intellectual capacity is required; that is, there are intellectual qualifications for admission, though these qualifications are applied indirectly and in a disguised form. Second, a period of apprenticeship and training is required. Third, a certain kind of moral commitment is required. This moral commitment is referred to on ceremonial occasions as dedication to the truth, but let us look at it a little more closely and see what it involves.

To be a member of the scientific fraternity means to be committed to the activity of the pursuit of knowledge. This commit-

ment must be ultimate, since its subordination to any other commitment would mean that in crucial phases of scientific investigation belief might be determined by the more ultimate commitment, should there be one. Belief must be determined by the evidence. You may feel that this characterization tends to identify the modern scientist in crucial respects with the ancient philosopher, and to some extent this is true. The modern scientist, however, seeks for knowledge not of the whole but of one small segment of the whole. In addition, while for the ancient philosopher the pursuit of truth was his whole life, so to speak, for the modern research scientist the pursuit of knowledge may be more in the nature of a job than a way of life. Very often the commitment to science and the attitude that expresses that commitment do not flow over into other aspects of the scientist's life. In view of these differences, I should like to suggest that we ought to conceive not of the individual scientist but of the scientific fraternity as a whole as analogous to the ancient philosopher to whom I have been referring.

Let us take another look at Mill's conception of liberty, so recasting it that when Mill refers to individual liberty we shall take it as referring to the liberty of the scientific fraternity. The freedom of thought which Mill presents as absolute becomes freedom of the scientific fraternity to think its own thoughts; and freedom of expression becomes freedom of the scientific fraternity to speak to itself, that is, the freedom of one scientist to speak to another. Any contact of the scientific fraternity with the non-scientific public becomes action, and as such is subject to limitation by the public in the public interest. The individual scientist's public expression of scientific findings is thus shown to be irresponsible unless he speaks with the consent of the scientific fraternity. If he speaks without such consent he is, willy-nilly, causing the scientific fraternity to act, and hence to be held responsible for the effects of what he says. Therefore it would seem to me that there is another aspect of the scientific commitment which ought to be made explicit. On entering the scientific

fraternity the individual scientist ought to commit himself to a prudent reserve. Failure to do so, it seems to me, seriously undermines the social conditions of the continued existence of free scientific inquiry.

I have tried to explore briefly and in a tentative way some of the implications of Mill's notion that the existence of freedom of thought presupposes that certain conditions are fulfilled. Mill believed that these conditions are universally present in modern civilized nations. Exploration of the nature of the conditions, and of the commitment involved on the part of those individuals who attempt to fulfill the conditions, indicates to me that Mill was overoptimistic. For the most part, these conditions are met by some individuals in society in a certain aspect of their life. The possibility of the continued existence of free scientific inquiry depends on the recognition that science has to be public among the scientists, and private as between the scientists and the non-scientific public.

If it is felt that this is a pessimistic idea and does not hold out much hope for the future, I would have to agree. But I should like to add two statements, in the nature of postscripts. First, it is my feeling that the kind of freedom of scientific thought that has existed during the past century or two has been in the nature of a freak circumstance which is not based on any stable conception of the relation between science and society. And second, the attempts by recent thinkers of various schools (I may mention here Dewey, Popper, and Michael Polanyi) to utilize the concepts underlying the kind of freedom developed within the scientific fraternity as the model for what they call a free or an open society are based on a failure to understand the distinction between thought and action, and the kind of commitment which freedom of thought presupposes. To read into society at large the commitments involved in the pursuit of the truth is a new form of utopian rationalism.

IMPRESSIONS FROM BERLIN, 1953

BY E. J. GUMBEL

BERLIN can be considered only in its context as part of Germany, which itself is part of Western Europe. And Germany's contrast with the two other great Western European powers, England and France, stands out vividly. By all outward standards England and France appear to have lost the war. As would be expected, each country has approached its postwar problems in its characteristic national manner. In England an egalitarian society has effectively shared its deficits, from faith to food, and is seeking to evolve a solution with a minimum appeal to hysteria. France, in the straitjacket of nineteenth-century capitalism, progresses by crisis, if such it can be called. Both approaches are without censorship, bookburning, witchhunting, or thought control. In this respect West Germany follows, but in the marvels of her economic recovery she resembles a boom-time United States. The respective conditions are aptly characterized in the quip that the English wear their shabby trousers with pride and dignity, the French wear their torn ones carelessly, but the Germans wear their new clothes with arrogance.

West Germany

According to the usual standards, Germany lost the war. Her cities were destroyed, her factories dismantled. The country was divided, occupied by foreign powers, and for years had no government of its own. It was ravaged by starvation, inflation, black marketing, a lack of almost everything, with the result that its only stable currency was the cigarette.

But the very day that the currency was stabilized in the Western zone, everything, really everything, reappeared in the market place, and the peasants ceased to starve the cities. Today, less than a decade after the war, West Germany is not only booming

but has a balanced budget and nearly full employment, and her industrial products are competing in foreign markets the world over. This recovery is not countrywide, to be sure. Foremost in the scale of economic recovery stands the Ruhr; then in descending order come the rest of the Federal Republic, the West Berlin sector, the East Berlin sector, and finally the Eastern zone, with a still lower level for the territory east of the Oder-Neisse line that is now populated by Poles, and for the surroundings of Kaliningrad (formerly Königsberg). Even within each region there are enormous contrasts. Frankfurt is an ugly dissonance of ruins and pseudo-Midwestern small-town luxury. In Mannheim some places look like a vacuum-cleaned Nirvana. Munich is full of holes and ruins ready to be reconstructed. Hamburg is a flourishing city, totally rebuilt in five years, with fine solid-looking structures and even good workers' quarters.

For these achievements the Germans have a simple but typical explanation: "We are the most efficient workers in the world." That they are efficient cannot be denied, but certainly the word "most" could be challenged. Among the more obvious other reasons for their accomplishment, there are four that are worth special mention.

In the first place, the Germans started by repudiating most of their debts. Whatever still remains of the Weimar Republic's property and is available to the Germans belongs either to the Federal Republic (West Germany) or to the Democratic Republic (East Germany). As regards debts, however, each Republic, seemingly by tacit agreement, has repudiated a part, insisting that it be assumed or shared by the other. A judgment in court that "the Reich has to pay" means that nobody is going to pay, since there is no legal successor to the Reich.

Second, the dismantling of the factories deprived Germany of old machinery, much of which was worn out through war usage, and huge American credits were obtained which the Western Germans used in the best possible way by constructing new factories. A leading industrialist told me: "We were so pleased

when the English dismantled and took away our old machines. We knew their drawbacks and their unsatisfactory performance. Our plans for better machines were ready. With the help of American credits we now have the best machines of this type, and the poor British will try in vain to compete with us." The Germans are very proud of their achievements, and when I suggested that American taxpayers had to pay for many of these installations, it was deeply resented. In the East the Russians dismantled even more of the existing factories, as their share of reparations, but since no credit was available there, replacement is still a conjecture.

Third, the efficient reconstruction of West Germany was achieved on a purely and completely capitalist basis. Even a convinced socialist has to admit that this system still has tremendous creative power. Certainly the attempt in the East to construct on a socialist basis has not had comparable results. Furthermore, West Germany's tax structure is such as to favor investment machinery and buildings; property taxes must be paid even on ruins, and as a consequence there is a great incentive for new construction. And a relative lack of military expenditures made possible the efficient use of the American money, as did the fact that in the last few years the occupation costs have decreased and have been very considerably alleviated by the private spending of the soldiers.

Finally, Germany is a thoroughly industrialized country. Both the industrialists and the workers have the will and the skill necessary for rebuilding. Most of the population began life over again from absolutely nothing, and a remarkable task has been accomplished in a remarkably short time.

It should not be overlooked, however, that the reconstruction has been achieved at the cost of a continuing low standard of living for the worker. According to official statistics, real wages has increased but only some have reached prewar levels. And even these recoveries are dubious, for such calculations omit the need for restoring personal possessions, such as clothing, furni-

ture, and household durables—complete replacements that were unnecessary before the war.

The question naturally arises whether there have been changes in German morality as marked as the material achievements. My own contacts in Germany were limited to previous friends and to such acquaintances as were considered trustworthy; as a former German I had not much opportunity to talk with those who were in the opposing camp. Thus my information is of necessity biased.

There are many indications that changes have taken place, but the old attitudes cannot, of course, disappear overnight. Any feeling of responsibility for the crimes committed under the Nazi regime by Germans, and in the name of the German government, seems to be overshadowed by pride in the recent accomplishments.

When the Nazis came to power in 1933 at the height of the world crisis, backed by the army and big industry, their main support was the despair of millions of unemployed, to whom they promised work. Since manpower, capital goods, industrial machinery, and raw materials were available, they succeeded in alleviating unemployment by the age-old expedient of rearmament. For those who did not oppose the regime, life was much easier then than now, and it is only natural that some people long for "the good old days."

Many former members of the Nazi party are still alive, but they are not generally conspicuous. This fact is well reflected by the remark of a waiter in an expensive West Berlin restaurant: "From their conversations one would think that Hitler and I had been the only Nazis in Germany." The denazification procedure—filling out a questionnaire and paying a ridiculous fine in inflated marks—was utterly inadequate. For crimes committed inside Germany some of the Nazis have been punished by German courts; others have lost their civil rights, and are not allowed to accept any but hard manual work. Since millions were members of the party or of affiliated organizations it is flatly impossible to exclude all former Nazis from participation in current

political activities; moreover, some of the worst criminals never joined the party.

Perhaps there are some Germans who would acknowledge a collective guilt, and would have done so even after a Nazi victory. But the majority deny that any collective guilt exists. They will admit that the Nazis started the war and its attendant horrors, but they evade personal responsibility by saying they were forced to obey orders. If mass repentance had existed it would have had no other outlet than a violent revolution; nobody can say whether or not that would have happened if it had not been prevented by the occupation.

A possible transformation of a feeling of guilt is sometimes shown by a curious lack of memory. The entire period of Nazi domination is skipped. This attitude is visible even in scientific books. A textbook on the German administrative system, frequently used in the universities, starts with the early history of the German states and goes on to say: "In 1932 the necessity for the continuation of the German *Beamtensystem* became fully evident. In 1946 the Interallied Council decreed as follows. . . ." Nothing of importance occurred, it seems, during 1933-45.

In many cases possible considerations of guilt are transcended by self-pity: "I was bombed out several times. Here are the ruins of my last house." The later years of the war and the early post-war period are remembered as the time of suffering and of Allied bad government—it being of course true that life was better for the Germans in the years when they were looting Europe. But perhaps the strongest offset to a feeling of guilt is the presence of millions of Germans who have been uprooted and driven from Eastern Europe.

Some of the groups that were suppressed by the Nazis have been revived under the slogan of liberty. The fraternities that dominated the universities under the Emperor and in the Weimar Republic are trying again to impose on the rest of the student body their specific kind of "honor" acquired by dueling. In many universities, such as Hamburg, Frankfurt, and West Berlin,

where the majority of the students live poorly, this is strongly resented; but the *Papuas*, as they are now called in Berlin, have the backing of the *alte Herren*, the alumni.

There are, however, certain definite indications of an inner change in the German mentality. After so many unsuccessful ventures, there is a general and sincere aversion to taking new risks, and a longing for peace and restoration; this manifests itself outwardly in such matters as new forms of politeness, the courtesy evident in letters, the deference of youth toward older people in public conveyances. Much more significant, the victims of the ill-fated uprising of 1944 and the emigrants who have chosen to return—two very different groups—are both highly honored, as is evident from the attitude toward the Lord Mayors of Hamburg and Berlin, Brauer and the late Reuter, two of the most popular figures in Germany. In addition, the Federal Republic has voluntarily taken on itself a moral debt to pay to Israel nearly 250 million dollars in merchandise; to be sure, this good deed paid from German taxes means a guaranteed market for industrial products and the possibility of commercial expansion into the Near East, but its value to the Jewish state is great.

The victims of the Nazis receive pensions in proportion to the length of their stay in concentration camps. Complicated legislation aims at a restoration of properties looted by the Nazis (no similar legislation exists in East Germany), though there is general and bitter complaint about the slowness of the procedure, whether justified or not. Some claims are founded on overstatements. Perhaps there is some resentment along the lines of "why should the Jews get back everything, while we have lost everything?" It is almost impossible to undo fifteen years by legal procedures. Similar attempts in the past—from the time of Marius and Sulla up to the Bourbons—have not been too successful. In contrast, former Nazis who have been exonerated after dismissal by the Allies receive pensions in a relatively short time; among them is the widow of the mass murderer Heydrich, although Mrs. Goering is still in distress.

The German resistance to rearmament is another strong sign of moral awakening. Here there were three groups. First, the neutralists, the youth, and those who accepted the American idea of democratic reeducation clearly saw the dangers of a new German army; they believed that, whatever its form, it would have to consist of personnel friendly toward or appointed under the Nazi regime, since the opposing group within the army was liquidated in 1944. Second, the workers resisted rearmament because they wanted houses instead of barracks, butter instead of guns—an attitude that is dominant also in East Germany. And third, the nationalists and the Nazis were against rearmament, though for different reasons from those of the others; they wanted a national army and only a national army—and also amends for the “dishonor” inflicted on Germany by the hanging or imprisonment of the German generals.

These three groups were defeated by political horsetrading. The first was sold the idea of a European army. The second group became demoralized by the wavering and unclear attitude of the Social Democratic party. And the third group accepted rearmament because they are sure that German divisions, once they exist, will dominate a European army, and Europe itself, with or against Adenauer's will; they assumed that Adenauer would have to give up his proclaimed European ideals and betray the Allies as soon as he was under the pressure of the army.

Adenauer's success in the elections does not mean that the majority voted for European unity and rearmament. They voted for full employment, which the capitalist recovery has brought them. They will, however, get a German army that is true to the traditions established during two world wars; already the nonexistent army has made requests for the right to wear the medals of the last war, which bear the swastika and which the Republic would be forced to protect against any detractors. Since manpower, raw materials, and industrial machinery are now scarce, the forthcoming rearmament may have results quite different from the rearmament of 1934. Profits may increase and

the standard of living decrease, and this condition, if it takes place, may be an opening opportunity for a Communist foothold in West Germany.

Throughout Germany unification is almost a messianic hope. It could be achieved only through a political compromise between the United States and the Russians. The price would involve an abandonment of West German rearmament, and acceptance of the Oder-Neisse frontier—that is, exactly the points which the United States government is unwilling and the Adenauer government is unable to concede.

East Germany

From the first day the Russian occupation of East Germany faced an impossible alternative. On the one hand the Russians had an urgent need for reparations for the incredible destruction of war, and an undeniable moral claim to them; reparations would fit excellently into their economy, making it unnecessary to fear either unemployment or interference with profits. But Russia also needed a peaceful Germany that would fit within her orbit. To obtain the one she would have to sacrifice the other. What happened was that she looted the country for reparations and thus destroyed the chance of a mass base for a government sympathetic to her. This is the decision of which she is now reaping the harvest.

Formally there are four political parties in the East, but they are all governed by the SED, Sozialistische Einheitspartei, which in turn is directed by exclusively Moscow-trained Communists, and thus in reality there are no independent parties worthy of the name. In addition to the parties there are numerous front organizations. A loyal Easterner explained bitterly to me what this means: "In addition to my regular work I have to give a talk on Monday to the small peasants, on Tuesday to the Free German Youth, on Wednesday to the Democratic party, on Thursday to the Trade Union, on Friday to the National Front, on Saturday to the Consumers Union, and on Sunday I have to do

other voluntary work. Invariably I meet every day exactly the same people, and I have to give the same talk."

One thing that the Eastern government did, and thoroughly, was to break up the latifundia and thus destroy the material basis for the Prussian Junkers. This was not, of course, done with kid gloves—as this writer can testify from the fate of family members. The land was given to the peasants, but with insufficient machinery and livestock, and soon the peasants were loaded with heavy taxes to be paid in kind. The Russian army, kept in barracks strictly separated from the Germans, lives off the land. There is a current joke that illustrates this situation: the great Russian biologist Lyzenko, it is said, has finally succeeded in crossing a cow with a giraffe, and the hybrid thus created can feed in East Germany and be milked in Moscow.

Both the Eastern and the Western governments (17 million and 46 million population, respectively) claim to be *the* government of Germany. Both claim jurisdiction over territories they do not govern, and they do not recognize each other. The situation could be compared to one in which the pope and anti-pope excommunicated each other in the name of reunification. Both have the same flag—the flag of 1848 and of the Weimar Republic. On paper the East German constitution is excellent, even reserving certain political rights to the churches and warranting the right to strike.

The original idea of the East German government may have been to build up a socialist country on the basis of hard work rather than borrowed money. And at first it was successful: the low level of 1946 was soon surpassed, and there was slow progress up to 1950. But any friendly help that it may have received from Russia is certainly not noticeable. The following is a conversation which took place in a factory that receives yarn and wool on credit to produce textiles. "Q: How does it happen that your clothes are so shabby? A: The textiles are sent to Denmark in exchange for butter. Q: But then how does it happen that you don't get any butter? A: Oh, the butter goes directly to Russia,

and we get new yarn in exchange." Thus have the Russians used German industrial capacity to supplement their own deficiencies.

The situation has further deteriorated as a result of the plans to create heavy industry, intended partly for armaments. The machines had been taken away by the Russians, and since no credit was available, and even part of the reduced production was sent to Russia, any rebuilding could be done only at the expense of the workers. Even though the rich Upper Silesian coal mines are nearby, in what is now Poland, a lack of coal leads to constant restrictions in the use of domestic electricity. The lights stop at irregular intervals and without warning. The great Lyzenko, however, has solved also this problem for all Russian-occupied countries, by crossing a bedbug with a glowworm, thus furnishing illumination in the home.

The East government is unable to control the whole frontier between the two zones. Without saying so, it has actually favored a voluntary exodus to the West, in order to get rid of the old people and the rest of the bourgeoisie living on a substandard basis; to this end such persons have even been deprived of ration cards. The government wants to keep the youth, the skilled workers, and the peasants. Actually, however, exactly the opposite has happened. The old people, full of fear, have desperately stuck to their pensions of 100 Eastmark a month (about 5 dollars); the unskilled workers, consisting of the debris of the bourgeoisie, have clung to their jobs; but the skilled workers and the youth, threatened by the plans for compulsory military service, are leaving East Germany in the hope of better wages and more of the amenities of life. Minor delinquents and the deserters from the Volkspolizei and the uranium mines also prefer the West, of course, but in a country where justice is administered by judges appointed according to their political creed, after a training of only two years, it is easy to become a criminal. What is entirely new is that even the peasants have left their land, because they have not been able to meet the required deliveries; their number for 1953 is estimated as high as 20,000.

West Berlin

Politically and culturally West Berlin is part of the Federal Republic. Many of the conditions and attitudes discussed above with respect to West Germany are applicable here too. On the other hand, separated as it is from the Federal Republic by 150 kilometers of the Russian zone, West Berlin's economic situation differs markedly from that of the rest of West Germany.

The provincial situation and the lack of industry have created terrible unemployment. The official number is a quarter of a million in a city of 2.5 million. But to this one has to add the people living on old-age pensions, the unregistered unemployed, those who live on public welfare, and the illegal immigrants from the East; thus the total may be as high as three quarters of a million. At the same time there is some housing shortage, and an urgent need to repair the existing houses and to remove the ruins. Use of the unemployed is limited by a lack of capital. Wages are low, and the difference between pay and unemployment benefits is dangerously small. A way out might be an increase in salaries, which would create a new incentive to work, but this is opposed by the employers.

During the war the Berliners lived for years under the strain of air raids. As the Russians neared the capital, its inhabitants came under constant artillery barrages, and then there were continual street battles; mass raping and Russian domination with no restraint followed. This experience immunized the Berliners to much of the subsequent Communist propaganda. For months there was no food, electricity, transportation, fuel, or government services; inflation and the black market boomed. By contrast the present hardships mean relatively nothing. The Berliner takes his predicament casually. But worry about the situation existing in Berlin increases as the square of the distance from the city.

One of the strongest links between Berlin and West Germany is the common currency. When the inflated Reichsmark was converted in West Germany into the Deutsche Mark, the Social

Democrats of Berlin were in favor of accepting the new currency, which would join the city's economy to that of Western industry, but the Russians wanted to keep the inflated currency, which became the Eastmark. The three Western occupying powers agreed with the Social Democrats, and the result was the acceptance of the deflated currency. This became the reason for splitting the city into an Eastern and a Western sector. In retaliation the Russians tried to starve the city by cutting the railway traffic through their zone. The United States answered by the air lift, a glorious action which won the confidence of Berlin and kept 2.5 million people alive. As we know, after a lengthy attempt the Russians gave in and reestablished communication.

Today there is no rationing in West Berlin—except through prices—and shops are plentifully supplied with excellent products for those who can afford to buy. Water supply, electricity, street-cars, city railways, subways, all public services function well. For example, at every transportation stop the arrival of the next car or train is indicated by a schedule, and it always comes on time. The city is well policed by men who are unarmed, and it is perfectly safe by the best Western standards. The mail service is better than in New York.

In fact, West Berlin, a beleaguered city and a latent volcano of social and economic pressures, is most delightful and peaceful. It is impressive by its tranquillity, and cleanliness, by the beautiful flowers on the balconies and the lovely gardens. The ruins have a certain beauty of their own, and recall those of Greece and Rome. The Gedächtniskirche at the end of Kurfürstendamm, which before the war was a rather cumbersome and overbuilt structure, has now become a most attractive ruin, especially as seen against a blue sky or in moonlight with the neon lights throwing it in a weird silhouette. The Tiergarten and Hansa quarters were utterly destroyed and now look like deserts, but the absence of buildings has opened strange and vast new vistas. The Tiergarten park itself, one of the breathing spaces of the city, was partly destroyed during the war, and its trees were later used as

fuel; it is now being extensively replanted, and is the pride of the city.

For all its debris West Berlin is no dirtier than New York. The rubble from the ruins has been piled into orderly heaps with such care that one would hesitate to throw a piece of waste paper anywhere. In some places the rubble heaps have been covered with soil on which flowers, shrubs, and trees have been planted; these are commonly dubbed *Monte Clamotte*, a slang expression of French origin which means rubbish mountain. Many of the repaired houses are hideous, but the number of temporary structures is insignificant. New constructions seem to be well done. Some of them even contain air conditioning, which the climate of Berlin makes an unnecessary luxury.

The number of refugees arriving day after day in West Berlin has varied from a few hundred to more than a thousand. They have all the typical and pitiful appurtenances that go with an uprooted folk, including an astonishingly large number of children who appear to be underfed. All receive medical care, and are put into reception camps varying in type from half-destroyed factories to luxury homes. One camp, located in a villa in upper-class Wannsee, is for the use of *Doppelverfolgte*—people who were persecuted also by the Nazis—and is run by the German League for the Rights of Man.

After a long bureaucratic procedure, which takes at least a month, the refugees receive papers and permission to work, and are sent by plane to the West. No one is allowed to stay in Berlin, where he would be unemployed and aggravate the housing shortage, though of course those who are refused admission stay illegally. As many as a thousand may leave Berlin each day, and more are sent out than arrive. Today the refugees make up about 40 percent of the population in Schleswig-Holstein, 30 percent in Lower Saxony, and 25 percent in Bavaria. An astonishingly large number have found work in a relatively short time, and have become integrated in the Western population. In the recent election the refugees were represented by their own political

group, but if they still yearn nostalgically for their old homes and possessions this was not reflected in the electoral support they gave their party, which fared rather poorly.

A House Divided

The borderline between West and East Berlin is loose and fantastic, without any planning whatever. There are streets that have one side in the Western sector, the other in the Eastern. One of the boundaries runs from the Reichstag (still visible in the Goering edition) to Potsdamer Platz, a vast area of ruins. Some of the suburbs of Berlin are located in East Germany, and a trip from West Germany to East Berlin leads normally through West Berlin. The subways, the city railway, and certain buses crisscross back and forth at will. The subway is Western-owned, the city railway Eastern-owned. The Western municipally-owned utilities, including the subway and even the Wannseebad resort, accept the Eastmark at par after presentation of Eastern identification.

The Eastern authorities reckon the Eastern mark at par with that of the West. Exchange is legal in the West, illegal in the East; the rate of exchange varies between 5 and 7 Eastmark to 1 Westmark. In the East there is rationing, and in all stores identification is required for purchases, in order to prevent the West Berliners from profiting from the lower prices in the East. Tens of thousands of people commute every day from West to East, and vice versa. There are conducted bus tours starting from the West and ending in the East. Even some dignitaries and members of the Eastern parliament live in the West; conversely, many people who work in the Western factories live in the Eastern sector. Lack of housing space prevents a clearcut separation, although the Eastern authorities exercise a certain pressure on their adherents to move into the East, and try to provide them with newly build houses or apartments. Streetcars do not cross the border. West Berlin allows no female conductors, but in East Berlin streetcars are run by women. Until re-

cently the automatic telephone service functioned between the two parts of the city, but now it has been severed by the Eastern administration, and while East Berliners may telephone to East and West Germany they cannot reach West Berlin; similarly, West Berliners may telephone to the Eastern and Western zones of the country but not to the Eastern sector of their own city.

All this adds up to the fact that there is no iron curtain in Berlin, or that what is left of it is so full of holes that anyone can look through. This is perhaps the point of greatest value to the West. Through Berlin, and nowhere else, we can peek into the functionings of the Russian system, and by the same token the people on the other side can see with their own eyes how the reality compares with the Communist propaganda.

The main railway stations—Potsdamer, Anhalter, and Lehrter—are still partly destroyed. The only one that has been rebuilt, Schlesischer Bahnhof, is located in the Eastern sector and leads to Poland and Russia. Lines of communication from West Germany into West Berlin go through East Germany. Passengers must possess permits called *Interzonenpässe*, and are subject to strict control; the Western newspapers, which are considered hostile propaganda, are especially strictly forbidden. At the border passengers are subjected to passport and customs control, which may require hours of waiting. Since this is resented by the West Berliners and by the West Germans traveling through their own country, most travel goes by airplane, where there is no Eastern control. Furniture can be taken out of Berlin by train if the owner travels on the same train, but no foreigner receives an *Interzonenpass*, and therefore a refugee from the Nazis who has become a foreign citizen, and is lucky enough to find his furniture and obtain legal possession of it, cannot move it out of Berlin except by airplane, the cost of which is prohibitive.

When Berlin was split in two, the University suffered the same fate. The Eastern government tried to promote a new intelligentsia, and gave the children of workers and peasants preferred entree to the University; stress was laid on education in Marxism.

Needless to say, political control and witchhunting have interfered with academic freedom and scientific research.

The main building of the University and the central library are on Unter den Linden, in the Russian sector, but other buildings and laboratories are in fashionable Dahlem, the seat of the American occupation authorities. The faculty members who lived in West Berlin set up a Free University in Dahlem, organized according to the traditional scheme of a German university but with the additional aims of an international institute of higher education. Many of the professors with nationalist sympathies remained at the old University, hoping that Germany would regain her old power with Russian help.

At the Free University the scholastic and scientific standards of the faculties are excellent, and of the same quality as in any of the better American universities. At present the few former Nazis have no influence, and seem to have abandoned their previous beliefs. The intellectual level of the students and their eagerness for knowledge and ardor for hard work are impressive. They seem to be completely immune to Fascism and Communism, and appreciative of foreigners or former Germans who try to introduce a new philosophy or approach. This attitude is the more remarkable since the students live at a very low standard, some of them on the verge of starvation according to American values, and their future is by no means rosy. Many live in the Eastern sector of Berlin.

The Free University is a very important outpost of independent scientific thinking. It needs and merits strengthening by material help and by continued and extensive faculty exchanges, by research grants to professors and advanced students, and by gifts of books for the forthcoming library.

Before the war Berlin was the capital of an empire and an industrial center. Now there is no empire, and the capital is Bonn. East Berlin is the capital of the Eastern republic, but West Berlin has become merely an oversize provincial town. As an industrial center it no longer attracts West German capitalists.

They prefer to invest in the Ruhr, for they fear that Berlin may one day be cut off again.

East Berlin

There are more ruins in East than in West Berlin, because more was destroyed there during the street battles and less has been rebuilt. And what rebuilding there is in East Berlin is not very impressive. The famous Stalin-Allee consists of a few blocks of new and badly built houses that combine the worst features of Victorian and Jugendstil. Undue haste in construction has resulted in the usual faults of jerry-building, with new walls that have cracked and elevators that do not function well. Existing factories have been given new Russian names, so as to impress visitors. The Russian Embassy, built in the latest goulash style, combines all its horrors. To overcome the lack of war monuments the Russians built a statue—commonly called “The Unknown Rapist”—located in the British sector, and also a hero monument in Treptow which is much worse than the illfamed “Hermann der Cherusker” in the Teutoburger Wald. In these figures the artistic ideal, called socialist realism, is photographic accuracy, with careful stress on the war medals, which the Berliners commonly call “plumber’s layout.”

The majority of the East Berlin population looks shabby, and its shoes are badly worn. Often the ration cards are not honored. In the government-owned department stores, called H. O. for “Handels Organisationen,” no coupons are required, for prices are out of the reach of most of the people, but these stores in East Berlin, in contrast to those in the Eastern zone in general, are full of merchandise. Industrial production in the East cannot compete with that in the West. The newly built automobiles often break down, and the owner (unpatriotically) has to go to the West for repairs.

While the West Berlin newspapers are provincial, to say the least—the best paper in Germany is the American-edited *Neue Zeitung*, whose funds have recently been cut—the Eastern news-

papers are unreadable. They are characterized by a lack of any reliable news, by bad style, by propaganda that appeals mainly to patriotic sentiments; all words have acquired new meanings. But the Germans, having been subject to years of propaganda are immune to it; they want facts. Opposing radio systems serve the needs of East and West Germany. In the West one can read yesterday's American newspapers and have the same news denied, or confirmed in a distorted way, by the Eastern radio stations. The Western radio stations keep the East Germans well informed; especially the Rias radio, in the American sector, is an excellent source of information, which is listened to all over the East—though its funds, too, have recently been cut.

In East Berlin the theaters, in contrast to the newspapers and radio, are decidedly better in style and performance than those in the West. Moreover, publishing houses flourish, with German classics being reprinted in cheap editions, and also, of course, many translations from the Russian. A unique publishing venture is a new journal of philosophy containing articles by recent writers, including Lukacs. Its first page shows a photograph, with the reverse side containing an obituary notice, both devoted to the greatest philosopher of our time, Iosif Vissarionovich Stalin; these two pages have no numbers, just in case a more important philosopher is discovered before the volume is sent to the binder.

In contrast to West Berlin, there is no unemployment in East Berlin. The Volkspolizei, part of which is a camouflaged army, and the Russian-owned uranium mines near the Czech border aid in absorbing anyone who is not occupied. It is partly for fear of such employment that so many workers leave the East.

The June Demonstrations

The relations between the Russians and the East Germans reached a climax in the demonstrations of June 16, 1953, and thereafter. These demonstrations were of a completely new character, and may very well indicate a turning point, though in what direction we do not yet know.

Trouble had been brewing for a considerable time. Even as early as 1949 there had been a successful strike in the city-owned railway of East Berlin, and before the June demonstrations similar protests had taken place in Czechoslovakia, where they resulted from a devaluation of the currency. The outstanding characteristic of these movements was that they were motivated not by an abstract desire for a capitalist democracy but by the bad food situation and by the Russian labor policy. The ideal of this policy is American "scientific management," as the Russians see it, and its aim is to increase various production norms and output per hour. For weeks the East German government had insisted on a 10 percent increase in the norms without increase of pay. On June 16 the enforcement was announced in the official labor gazette.

This was the spark that touched off the explosion. It started with a sitdown strike in the Stalin-Allee, and later the striking workers marched to the government buildings. Wherever they went they were joined by workers from other factories and from government-owned stores. The demonstration was completely spontaneous and peaceful. Members of the government who tried to speak to the crowds were booed.

It is possible that at this stage the Russians even had a certain sympathy with the movement, on the grounds that it might give them an opportunity to drop unpopular members of the Eastern government under the guise of conforming to this popular democratic protest. But broadcasts of all the details of the demonstrations, emanating from West Berlin, effectively spread the news and resulted in an increase of the unrest until it spread all over the Eastern zone. Prisons were stormed, and in some cases even policemen fled to the West with their prisoners. Red flags and boundary signs were torn down and burned. The strike was general, and as a result the Eastern government ceased to function as such.

On the second day there was an abrupt change in the situation. A Russian tank inadvertently killed two workers, and immedi-

ately the newsstands, symbols of the hated propaganda, were burned, and a police station in the Eastern sector was set on fire. There are many indications that these acts of destruction were committed by provocateurs. Similar seemingly spontaneous acts had often been ordered under the Nazi regime, but actions of this type are alien to the tradition of the German workers. The Eastern government loudly claimed that the incendiary acts had been committed on commands given from the West; as proof they recalled the story of the German-American Black Reichswehr in Hessen, a para-military formation that had planned to assassinate government officials. In the West the newspapers remained silent, or maintained that the Russians had fomented the violence.

The excesses, however, gave the Russians their excuse for immediate acts of suppression. This was accomplished by two quite contradictory measures. The first was naked force and terror; two tank divisions, totaling 25,000 troops, moved in with full equipment, and martial law was proclaimed. The second was to produce a specific scapegoat; this the Russians lost no time in doing, finding him in the person of an insignificant Western unemployed worker who had been arrested for unknown reasons on the morning of the 16th and was said to be the leader of the movement. He was immediately shot. Those Russian soldiers and officers who had failed to stem the workers' demonstrations were also shot. At least a hundred persons were thus executed by the Russians in summary proceedings. The demonstrations had proved, however, that the Eastern government was completely without popular basis. Its helplessness and lack of support were evidenced by the profuse thanks it publicly acknowledged for the aid given it by the Russians in restoring order.

After the terror the Eastern government made concessions on points that had caused the disturbances. Two unpopular chiefs of departments were dismissed. Party members who had failed to properly implement the principles of socialist reconstruction had to confess their crimes. It was declared that henceforth the production of consumer goods would be given priority. Produc-

tion norms were to be reduced. Ration cards were restored to the old people. More than 8,000 political prisoners were released. An amnesty was proclaimed, and those who had fled to the West were asked to return. The peasants were promised the return of their land. Thus the workers attained their immediate objectives, and also a new feeling of strength and unity, born of the realization that a dictatorship can be successfully fought if it is not yet firmly established.

The Americans countered with an immediate move which was a marvel of successful administration: the gift parcels to the Eastern population. Up to 100,000 parcels a day were distributed by the German authorities in the West sector, with each of the various buildings that served as distribution centers taking care of people from a different Eastern district. Thousands came by railway, truck, bus, motorcycle, bicycle, or by foot, and stood patiently in line for eight to ten hours. Their attitude was, "Here at least we are sure that when we queue up we get something worth while."

The Eastern authorities were completely nonplussed and confused by the move. They tried by various means to stop the mass movement: by restricting the sale of railway tickets, by intercepting the parcels, by publicly denouncing the names of the recipients. They also spread rumors that the parcels contained contaminated food, or horsemeat intended for dogs. They resorted to distributing some of the confiscated parcels to the West Berlin unemployed, as gifts from Russia. Appeal was made to patriotic honor, hoping that even the hungry would not be corrupted by gifts from the American imperialists. Attention was drawn to the friendly help given by the Russians, both in the present and in the future—on the condition of good behavior.

The Russians made their own moves to woo the people. They renounced their right to future reparations in kind—and this was proclaimed to be a gift worth 2,500 million dollars. They also renounced a debt of 100 million dollars which they had declared to be due them as compensation for factories they had

confiscated and later returned to the East German government; other confiscated factories worth 700 million dollars were given back without compensation. Finally, the levies for Russian occupation costs were reduced from 500 to 400 million dollars a year. These gifts of 3,400 million dollars from the Soviet Union were hailed in the Eastern press as proof of the generosity and solidarity of the working classes.

The effect was nil. The Germans wisely preferred the materialistic American food to the dialectic Russian accounting. More than five million parcels were distributed. Each recipient had to show his Eastern identification, which was registered in order to avoid duplication, and since there are about four million families or household units in the Eastern zone, it appears that approximately every unit sent a representative to the West to receive a gift which involved the risk of registering his name and betraying his plight. The mass strength of millions could not be challenged, and their reaction—which amounted to a plebiscite against the Eastern government—could not be prevented. United States policy in Berlin, as represented by the airlift and the distribution of the parcels, has been fundamentally right and successful.

Berlin as it stands is the most important center of information about Eastern Europe. Its morale is basic for the strength of Europe. By its very existence it prevents the Russification of East Germany. Therefore this town ought to be kept, and kept alive. Its morale and its economic situation should be improved—and not alone by the fight against unemployment through the restoration of its industry.

In addition to functioning as a periscope through which we can get a look behind the iron curtain, Berlin is an ideal place for understanding the alternatives produced by two broad camps of thought in the world today. They are not geographically located.

In the first camp it is realized that you can make mistakes

through stupidity; in the other, errors are attributed to malice, and therefore they merit punishment. In the first camp you are punished for acts, and possibly in some cases also for the opinions you hold; in the second, you can be punished for the alleged opinions of your grandmother-in-law. In the first camp crime is defined by law, and there is a fixed relationship between crime and punishment; in the other, anything can be considered a crime, and can merit any punishment—you can be shot or go free under the same law, and for the slightest offense. In the first camp there are distinctions, and one can be a Nazi war criminal, an American imperialist, a communist, a conservative, a liberal, a peacemonger, or a Trotskyite; in the other, there are no such distinctions, for the world is divided into friends and foes, and false friends and yesterday's leaders must be denounced. In the first camp the approximate meaning of words is known; in the other, as in *Alice in Wonderland*, words have the meaning which the authors want to assign to them.

In both camps the rulers may change their opinion and their policy, and there is a certain freedom of discussion as long as the question has not been decided, but once a decision has been made, all similarity ceases. In the first camp, if the right of opposition is not granted, you at least have the right to remain silent; in the second, you have to affirm in the strongest voice that the decision is your decision, and is right, and also that the opposing opinion you might have had yesterday was in reality identical with the new ukase. In the first camp opposition is legal, and can fight for existence and power; in the other, opposition is illegal and faces extermination. In the first camp you may question any alleged facts, since doubt is recognized as containing the germ of later knowledge; in the other, infallible dogma must be accepted.

Happily these two camps do not yet include the entire world. If I had to choose, I would be in favor of the right to stupidity, of law as a fixed tariff for crime, of the old-fashioned use of words, of the admission of doubt.

STABILITY IN LATE CAPITALISM: A SURVEY*

BY HANS NEISSER

THE original aim of this paper was to give a brief and sketchy survey of the stability of the *economic* system in our times. It soon became apparent, however, that a radical separation of the economic sphere from the social sphere in general would be artificial, and that the basic structural changes in the economic sphere cannot be understood—so far as they can be explained at all—without analyzing the social and political spheres also. I hope I shall be forgiven for making use of scattered studies and observations in the political and social field, and for extending my discussion in a very unsystematic fashion and by way of hints, *obiter dicta*, and unproved propositions that are beyond the realm of economics.

By "stability" I mean the power of a system to resist the impact of accidental disturbances, or even of not too strong systematic disturbances from the outside, and if disturbed by them, to return rather rapidly to a kind of optimum level of activities. Stability does not exclude "growth," if the forces in the system operate in the direction of growth, provided only that the curve of growth has a regular character. Economic stability does not imply a high level of per capita income and does not even exclude so-called structural unemployment; on the contrary, poor economies are likely to display a greater economic stability than rich ones, although poverty, or structural unemployment, may give rise to social instability. Likewise, far-reaching economic reforms are compatible with social stability, provided they are achieved by peaceful means and do not involve complete replacement of

* EDITORS' NOTE—This essay is based on a paper read before the General Seminar of the Graduate Faculty of the New School for Social Research, on the evening of October 21, 1953.

the prevailing order by another one. Obviously the concept of stability acquires here a *relative* character, and it may easily happen that social forces already noticeable during a stable period prove definitely destabilizing in a later one.

By "late capitalism" I mean, in terms of calendar time, our century. The first period to be reviewed in this paper, the years from 1895 to 1914, may also be considered the Indian summer of so-called "high capitalism." In discussing this period I shall need a little more time than for the two later periods—1919–39 and the present era since 1945—because the basic concepts and relations must be expounded at the beginning.

The causes of the large structural changes from one period to the other will become more or less apparent in the discussion. I say more or less, because it is of course impossible to satisfy the ideal of science (formulated explicitly in economic dynamics) to explain the course of events from the initial conditions and from a general scheme of causes and effects.

I

For the Indian summer of high capitalism the following description seems to be in accordance with all known facts. First, the economies of the western world, and therefore the world economy (which in this period was dependent on the fluctuations of the western economies) were in a state of stable progressive equilibrium. Second, in its international political relations the system was extremely unstable; but this instability was *not* due to economic factors. Third, outside of Russia and China (the latter being only loosely connected with the world system) a relatively stable social equilibrium prevailed.

The first proposition, that the world experienced economic stability during this period, is based on some simple considerations. One of these is the fact that between 1895 and 1914 the stock of capital increased sufficiently to offer, if optimally utilized, full employment to the increasing population of the western world, including the workers "displaced by the machine." An-

other is that of the two main components of income, consumption and investment, consumption seems to have behaved with great regularity, moving up and down with income. As for investment, the discovery of new natural resources, and especially a constant stream of technological innovations, created investment opportunities at least equal to the savings under full employment—what I shall call the saving potential. (The very controversial question as to whether the interest-rate mechanism acted as a stabilizing force during depressions will not be considered here.) The favorable relation between the investment opportunities and the saving potential is visible in the rise of the interest rates and in the rapid increase in the volume of credit money (on the basis of new South African gold), which caused the commodity price level to rise.

The strongest indication of economic stability is the nature of the crises that actually occur.¹ In the United States the downturn of 1907 lasted less than one year and was followed by a rapid recovery that went beyond the preceding peak of economic activity. In Great Britain the rebound was not quite so fast, but the cyclical unemployment reached less than 6 percent of the labor force, far fewer than had been affected by the crises of 1858, 1879, or 1886.² The depression of 1913-14 was much weaker, in both Europe and the United States, than that of 1907.³ About the causes of these short-lived crises and recessions we do not have definite knowledge. The crisis of 1907 was almost certainly due to over-speculation in the United States; some recessions may have been caused by over-accumulation of inventories. But in any case the strong impulses from the wealth of investment op-

¹ The most detailed description of the properties of this long wave can be found in A. Spiethoff, "Krisen," in *Handwörterbuch der Staatswissenschaften*, 3rd ed. (1925) vol. 6, pp. 55-59, especially p. 58, first column, and p. 59, first column.

² A. C. Pigou, *Industrial Fluctuations* (London 1927) pp. 353-54.

³ See the charts of business activity in W. C. Mitchell, *Business Cycles* (New York 1927), especially the summaries in Chapter III, Section VI. The reader must keep in mind, however, that in each year the fluctuations shown on these charts are measured from a theoretical trend line; a level of activity subnormal in 1913 might easily have been supernormal in 1900.

portunities, together with other mechanisms, were always able to overcome the recessional forces rapidly, and to raise the level of income by increasing investment.

The proposition that the period before World War I was economically stable may at first glance seem to be at variance with the theories of economic imperialism; closer inspection, however, removes this appearance of conflict. Whatever the defects of these doctrines in terms of economic theory and economic history, there is no real quarrel between my proposition and the conclusions drawn from such theories—except where they are used to explain *political* conflict.

The Sismondi-Rodbertus brand of the economic imperialism theory⁴ does not actually deny the economic stability of the capitalist system, but ascribes it to the existence of a foreign market in non-capitalist countries, where capitalist nations can dump their surplus consumables—or, as I prefer to formulate it, countries to which capitalist nations export their surplus *capital funds*, to be used by the non-capitalist countries in paying for those imports from the capitalist sphere for which they could not pay by their exports. Lenin, in his version of the imperialism theory, went so far as to remove commodity exports altogether from the distinguishing traits of modern capitalism; he held that capitalism does not export commodities to the rest of the world, but capital funds.⁵ The significance of capital export in comparison with domestic investment is vastly overrated, however, by both theories; even in Great Britain only about one-third of investible funds were exported during the period under consideration, and in the other creditor countries a much smaller proportion.

The main point is this: economic stability in capitalist coun-

⁴ The theory has been further developed by J. A. Hobson, R. Luxemburg, and F. Sternberg. I have elsewhere examined these theories critically; see Hans Neisser, "Zur Theorie des wirtschaftlichen Gleichgewichts," in *Kölner sozialpolitische Vierteljahrsschrift*, vol. 5 (1927) no. 2-3, pp. 23-42 and 54-59, and *Some International Aspects of the Business Cycle* (Philadelphia 1936) Appendix.

⁵ Lenin, *Imperialism*, Chapter IV, 1st par.; in his subsequent discussion Lenin of course acknowledges that capital exports and commodity exports are associated.

tries is dependent not on capital exports—in other words, on investment *abroad*—but on *aggregate* investment—that is, on domestic investment *plus* capital exports. The role of domestic investment was overlooked by the imperialism theorists because they believed in the law of increasing misery or at least in the iron law of wages; hence they failed to notice the regular growth of consumption, which, together with a rising tide of innovations, strongly encouraged domestic investment.

As a theory of economic equilibrium, therefore, the imperialism theory is inadequate, to say the least. But this fact does not settle the dispute concerning the origins of political conflict. For it is not enough to show that non-capitalist countries cannot conceivably buy an alleged commodity surplus from the capitalist sphere unless the latter first lends them the funds to buy the surplus. The individual exporter in an industrial country does not care where the funds come from which his potential customer can spend. He sees a market and feels keenly the competition of other exporters, especially if they are of a foreign nationality. The same is true, of course, for the financier whose business it is to find profitable investment opportunities. Hence, the economic imperialists conclude, steady friction arises among exporters of commodities or capital—friction which is easily transplanted to the national level, especially where nationwide monopolistic concerns compete in the world market—friction among nations, which eventually leads to war.

This argument appears less impressive if the relative size of the domestic and foreign markets for both commodities and investment is taken into consideration. But even if we grant that competition creates international political friction, this statement does not prove a great deal. If competition is general, how would it explain the formation of two hostile blocs in Europe, such as the Triple Alliance and the Triple Entente during the period we are discussing? But if competition is strong between one specific capitalist country and another, then the theory of economic imperialism can be considered proved only if we are able to find

a correlation between the economic constellations and the political constellations.

A brief glance at the record is enough to prove that no such correlation existed. For decades Great Britain wrangled with France over Egypt, Germany always taking the British side. In China, as in Asia generally, the main political struggle was between Great Britain and Russia. The sharpest rival of the British textile industry, besides India, was Japan. Yet with France and Russia Great Britain formed the Triple Entente, and with Japan she had an alliance. British exports were primarily oriented toward the world overseas, where they had to compete with exports from the United States, while German exports were primarily oriented toward Europe; here again the political grouping did not conform with the economic rivalries. Lastly, South America was the continent where the heaviest competition in commodity exports and capital exports developed among three countries—Great Britain, the United States, and Germany; how does the theory of imperialism answer the question which two of these countries will ally politically against the third?

Where economic rivalries among the countries of the Triple Alliance and the Triple Entente do appear in the diplomatic documents, the economic interests are definitely of a minor order of magnitude. By 1895, of course, most of the world had already been divided among the great powers; but when at the end of the century the domination of South Africa was in question—where British capital and trade had for a long time played the major role—Germany disinterested herself immediately. As for the rest of Africa, in Morocco the game was not worth the candle, and Germany—where neither the Emperor nor public opinion showed any interest—was eventually glad to settle for some Congo districts that were economically even more worthless than the other German colonies. The famous railroad to Bagdad, for a long time the parade piece of German investment in Asia Minor, had no economic value whatever, and the rising political friction with Great Britain regarding lower Mesopotamia was removed

by negotiations. In Iran, Russia guarded her zone of influence jealously, but of course never had a ruble available for investment there.

It is equally impossible to explain political coalitions as resulting from the protectionist policies of the various countries. These policies did, of course, create friction and were even used at times as weapons in the power struggle; Austria-Hungary, for example, fought a hostile Serbia by imposing special import duties as well as by other methods. But Serbia was only a pawn in the conflict; for the great powers themselves it is impossible to find a correlation between commercial policies and political alliances. To cite only one instance, Russia and Germany remained friends during the 1880's despite Germany's inauguration of a new policy of high protection—especially agricultural protection, which was, of course, harmful to Russian grain producers. The two countries came to a parting of the ways politically in 1891, when German tariffs were substantially *reduced*. Nor did a sharp increase in Russian tariffs in 1895 prevent German diplomats from making frantic efforts to regain Russian friendship almost up to 1914.

It may be objected, however, that this approach is too rational; in other words, that economic rivalries between any two countries, A and B—while objectively of minor significance compared to the rivalries between A and C, or B and C—might create a dangerous atmosphere in which political decisions at variance with the economic constellations would at times be made. To counter this objection we may limit ourselves to a short consideration of the relations between Great Britain and Germany, for neither Russia nor Austria-Hungary was then an industrial exporting country (in the sense of the theory of economic imperialism), and the competition between French and German exports was slight. Unless one attaches exaggerated importance to magazine and newspaper articles, in which—over a period of twenty years—every possible attitude was taken and every possible theory was at one time or another adduced, the motives of British foreign policy are clearly visible in the documents. We

shall come back briefly to this point in the next section; here a few remarks concerning the political atmosphere must suffice.

The leader of British economic nationalism, the sponsor of empire preference and protection, was Joseph Chamberlain. He was at the same time the strongest advocate of an alliance with Germany, and it was only Germany's refusal of such an alliance that caused Great Britain to turn to an Entente with France and Russia. But even the modicum of protection that Chamberlain proposed proved totally unpalatable to the vast majority of the British electorate, most of whom still belonged to the middle class; the election of 1905, conducted under the slogan "tariffs versus free trade," gave an overwhelming victory to the adherents of free trade. Is it reasonable to assume that the proponents of free trade would then allow their foreign policy to be dictated primarily by considerations of commercial rivalry? They were well aware of the tremendous economic losses which a war between the two blocs could not fail to produce, regardless of who the victor might be. And up to the last moment, in 1914, it was not certain whether public opinion in Great Britain, angered though it was by the German naval policy, would countenance a war in which Russia would be Britain's ally; it needed the invasion of Belgium to make the Triple Entente effective.

The only great power in whose foreign policy factors of economic origin played an indirect role, by influencing the political atmosphere, was Germany. The spurious argument that an expanding foreign trade has to be protected by a strong navy led to an armament race with Great Britain that embittered British public opinion against Germany. But the decision of the Liberal government in 1905 to form the Triple Entente was not primarily influenced by the incipient armament race. A stronger fear was acting, which would have created political instability even if Germany had refrained from entering a race she could never win.

In actual fact, economic imperialism as the cause of war seems to belong to the beginnings of capitalism rather than to its last phase. Lust for gold created the Spanish empire; the struggle

between the Portuguese and the Dutch for Indonesia certainly arose from economic motives; and when the elder Pitt joined Prussia in the Seven Years' War, he did it with an eye to the conquest of India and the French possessions in America. But among the wars between European powers in the nineteenth century it is impossible to find similar examples.

II

The instability of the European political system before the first world war must accordingly be ascribed to political causes, not economic ones. It was inherent in the principle of the balance of power. This principle, which was incorrectly supposed to guarantee peace, had actually been designed with another aim: namely, to prevent the domination of Europe by a single power—by France in 1700, in 1740, and in the period 1805–15, and by Russia in the 1850's. The principle of the balance of power may easily lead to the establishment of two power blocs of approximately equal strength, and this equilibrium will be stable only if *none* of the partners in either bloc tends toward aggression. In the period under consideration the political instability stemmed from the nationalist movement in the Slavic nations, which clashed with the conservative tendencies of the Austro-Hungarian empire; these forces were bound to collide some time after 1879, when Austria-Hungary occupied Bosnia. For twenty-five years a precarious stability was maintained, first by the diplomatic abilities of Bismarck, then by Russia's adventures in Asia. But after the Russo-Japanese war nothing but the time necessary for Russian rearmament (which was completed only in 1914) stood between peace and war.

It may be asked how an apparently peripheral conflict concerning the Balkans could overthrow the European power equilibrium. Here the balance-of-power principle entered, causing a war which all but one of the partners in the blocs hoped to prevent. When czarist Russia lost the backing of Germany in 1891, she could find security only in an alliance with republican France.

From that moment the two powers were forged together; regardless of whether a more or less peaceable foreign minister was in office in Russia, regardless of whether the *revanche* party or the peace party formed the French cabinet, neither partner could ever fail to support the other, nor even try to restrain the other, when international frictions required international settlement; for the other partner would then have been forced to come to terms with Germany. If all this had happened at the end of the seventies, equilibrium might nevertheless have been maintained, for at that time France was still equal to Germany, in population, industrial production, and military power; Russia was equal, if not superior, to Austria; and England and Italy would have played the role of mediators. The situation was different at the beginning of the twentieth century, when France had fallen behind. It was the conviction of British statesmen then that a war between Germany and Austria on one side, and Russia and France on the other, would mean victory for Germany and would entail the rise of a continental bloc under German leadership, spelling the doom of Great Britain as a major power. This fear cemented the Triple Entente, and the existence of the Triple Entente in turn fortified the alliance between Austria and Germany.

The preceding paragraphs have explained the political collapse of 1914 as the "inevitable" product of antagonistic forces—inevitable at least after 1905, when Great Britain decided for a political partnership with France and Russia. This analysis does not, of course, deny the role of "accidents" in precipitating or averting conflicts, but accidents are by definition considered unpredictable, recordable only *post factum* by the historian. In this sense the rise of a great man is also an "accident," although *after* he has materialized he is no longer an accidental factor but a calculable and sometimes a stabilizing one (like Bismarck from 1871 to 1890) within the system of political forces.

Likewise, the particular *moment* at which the European political system collapsed was to some extent accidental: it could have happened in 1915 rather than in 1914 if, for example, the Arch-

duke of Austria had not gone to Sarajevo. But in unstable situations precipitating accidents are sure to happen sooner or later (many such accidents did in fact occur in the years before 1914, but Russia was not then ready for war). The difference between an unstable situation and a stable one is that an accidental event which leads to collapse in the former does not do so in the latter. We may also regard as an accident, in this context, the unusually long life of Emperor Francis Joseph of Austria-Hungary, for the moderate wing of the Pan-Slavist movement counted on the disintegration of the empire after his death for obtaining Russia's political aims without war. It is indeed probable that any substantial weakening of Austro-Hungarian military power would have induced Great Britain to retreat from the Triple Entente, although whether war could have been avoided is more doubtful. But a political system that collapses because one of the rulers lives a few years longer than expected can hardly be called stable.

III

It will always remain a puzzle why the great social instability in Russia, which had become apparent in the Russian revolution of 1906, did not act as a brake on the policy of the radical Pan-Slavist groups that dominated Russian government and society before the war. Outside Russia, however, the western world showed an astonishing degree of social stability—astonishing, because neither in Great Britain nor in Germany did the real wage of the workers increase during the period 1895–1914; costs of living rose as rapidly as money wage rates. The much more favorable employment situation, compared with the period 1873–95, may have contributed to this social peace. We must remember, too, the rapid rise in the British worker's standard of living between 1850 and 1890, which had cemented the loyalty of the older generation of labor to the liberal cause. In Germany, on the other hand, recollection of the suppression of the labor movement during 1880–90, under the Anti-Socialism Act, was still vivid. Nor should too much stress be laid on the material bene-

fits of the social insurance program, which were limited. Most important to social peace in Germany were the slight openings which the new institutions, the cooperative movement, and the trade-union movement created in what had formerly been strictly a *closed social system*.

By a "closed social system" I mean a system in which there is no chance for a worker, peasant, or craftsman (groups which in Europe formed the bulk of the population) to move upward on the social ladder and become a member of the ruling class. (Open societies have been rare among the higher civilizations; the most important one was the United States in the nineteenth century, and much of its flexibility has been preserved up to the present.) Closed societies rapidly become unstable as soon as the traditions and religious order on which they are founded lose their hold. But this did not happen in Germany. The prizes which the administration of social-insurance institutions, cooperatives, trade unions, and labor parties provided for the intelligent and ambitious German worker may not appear very substantial today; but they undoubtedly infused an element of conservatism into what still professed to be a revolutionary movement. Not without reason was this element despised and feared by the radical wing of the labor movement, led primarily by intellectuals, which later became the communist party.

IV

The stability of the economic system and of the social world of the prewar period became the victim of political instability. In the interwar period, by contrast, economic instability destroyed an essentially stable political system.

The proposition that the interwar political system was stable is at variance with the prevailing opinion about the effects of the Treaty of Versailles. But the European situation at this time may be compared with the similar situation after the defeat of Napoleon. Then France faced on the continent a bloc of three great allied powers, a bloc that harbored no aggressive tendencies;

the bloc was prevented from rising to world domination by the power of the British navy. Similarly, after 1918 the German republic was in hopeless military inferiority vis-à-vis the western powers; even the loose entente with Russia, whose frontiers had been pushed far to the east, could not by itself restore political equilibrium. In this connection it must be remembered that after Hitler's rise to power six years were necessary to erase Germany's military inferiority; it is unthinkable that the German republic could ever have tried, or successfully applied, Hitler's methods.

The chain of causation during the interwar period runs as follows: a lengthy depression after 1929, inherent in the economic instability of the period; a semi-revolutionary political transformation, indicating the social instability of the time; and eventually, destruction of stability in foreign political relations.

We must first examine briefly the causes of the economic instability. The material is ample, and I will confine myself to throwing into relief those main characteristics of the period which I consider to be of lasting significance. It is important to emphasize here, however, that an unsatisfactory profit situation in individual industries, like wheat farming in the United States or the textile industry in Great Britain, is neither indicative of economic instability nor sufficient cause for a general crisis; such a development in an individual industry would not by itself reduce the inclination to invest.

The economic crisis of 1920-21 was a kind of straggler from the prewar era; the economic system showed the same ability to recover rapidly as in 1907. But in the 1920's basic changes occurred in the economic structure, at least in the United States, which had now moved into the focus of the world economy. The country passed through a new, not previously experienced phase of capitalism: low taxes, very rapid increase of per capita income due to rising industrial efficiency, and a still growing population which created the need for reserves for old-age and family protection. A sharp increase in the saving potential would have been inevit-

able had not the propensity to consume been stimulated by the rise of a new type of consumption goods, namely, consumer durables—automobiles, refrigerators, and the like. This new type of demand supported a high level of economic activity, but eventually it proved destabilizing.

This sequence of events does not necessarily occur. If the stock of such durables is uniformly composed of goods of all age classes, the replacement will be almost the same year by year, and production will rise slowly but evenly with rising per capita income. This cannot happen, however, during the first years after the introduction of a novelty in consumer durables; there will be a rapid increase in purchases, facilitated by consumer credit, and then a sudden decline in sales as soon as the consumers who can afford the novelty are supplied with it. Years may pass before the necessity for replacement arises, and in the meantime consumer durables cease to fill the gap created by the tendency of the saving potential to rise sharply while investment in equipment and building tends to follow a more normal course.

Even the normal flow of investment, in fact, had undergone an essential structural change in the United States by the end of the interwar period. A very high proportion of investment had always been directed to residential building. The steady movement of a rapidly growing population over a whole continent, and the mobility of the industries partly following and partly creating this movement, had generated a strong and steady demand for housing accommodation. The satisfaction of this demand had always contributed to overcoming recessions. In the interwar period, however, population growth slowed down because immigration had been almost completely cut off, and the westward movement of a whole people into undeveloped regions had ceased. The remaining demands for dwellings, although still substantial, had been satisfied in advance by real-estate speculation, in the same way that the demand for consumer durables had been temporarily satisfied by consumer credit.

I do not want to give the impression that I consider these two

factors the main causes of the economic crisis of 1929.⁶ Here we are interested not in the fact that there was a crisis—for crises had occurred in all phases of capitalist development—but in the fact that the system proved unstable, namely, that it took three years to start even a moderate recovery. Without a commensurate expansion in the demand for consumer durables and for dwelling accommodation, innovation investment by itself was not strong enough to pass the dead point.

There were other factors, of course, which prolonged the depression—the necessity of liquidating stock-exchange loans and the huge international short-term indebtedness—but these factors were of a one-time historical nature and do not represent characteristics of late capitalism. Except for the international indebtedness, which was a consequence of the Treaty of Versailles, the causes were all of American origin; in the rest of the world, especially in Europe (with the single exception of France), the relation of investment opportunities to the saving potential had developed in favor of the investment opportunities. The preference of British and French investors for foreign over domestic investment is important for the secular income development, but not for the economic stability of the interwar period.

Of the destabilizing social forces during the interwar period we will disregard the rise of nationalism outside the western world. Anti-imperialism was still a middle-class movement, under the leadership primarily of intellectuals (except in India, where Gandhi was able to broaden support for the movement); its effects on the stability of the western world became visible only in the forties.

Within the western world the social stability characteristic of the 1895–1914 era vanished. Today we are inclined to ascribe any social unrest to the consolidation of the radical wing of the

⁶ The material is conveniently presented in a paper by R. A. Gordon in *Conference on Business Cycles*, published by the National Bureau of Economic Research (New York 1951) pp. 163–215. See also my own analysis, *ibid.*, pp. 215–22, and in *Some International Aspects of the Business Cycle* (cited above, note 4) Sections I and V.

labor movement behind the communist party. But between the two world wars communism rarely proved able to revolutionize a substantial part of labor; the one possible exception was Italy, where revolutionary attempts from the left in 1922 caused the ruling classes to rally to the fascist movement. Otherwise, social unrest after the war left no permanent marks. In Germany the currency stabilization of 1923 ushered in a period of relative social peace. Labor was successful as a party of social reform in Germany as well as in the rest of the western world; and this reform policy does not appear to have been substantially influenced by the existence of the communist movement. All that the Third International could achieve was to keep alive the German communist party, and thus contribute to the destruction of the German republic in 1932-33—a "success" followed by the complete destruction of the German communist party itself, and by a new period of "labor peace" under the Nazi regime from 1933 to 1943.

It is not enough, however, to look at the social structure of the interwar period exclusively from the angle of labor's satisfaction. In the end, social equilibrium in Germany was destroyed by the Nazi revolution. Is there not, then, some relation between a fascist movement and social-economic reform favoring labor—since even a peaceful change (which in our definition is compatible with social stability) may eventually create destabilizing reactions from the former ruling class? When the question is thus formulated, I think we have to answer it in the negative. Although social progress did have some unintended side effects, it was not the principal cause of the collapse of democracy, first in Germany, and then in France in 1940. In Germany no support for Nazism either by the bulk of the middle class or by any substantial part of the workers was visible before the great depression; in the 1928 elections the parties loyal to the republic retained control, and Hitler received less than 3 percent of the total vote. Indeed, compared with the effects of the depression on profits, personal fortunes, and employment, the unfavorable

effects of the preceding reformist policy appear negligibly small. But although the victory of the Nazi movement cannot be ascribed to the reformist policies of the twenties, these years were a period of social instability, as revealed by the fact that a depression of unusual severity and length—or, in the case of France, a lost war—sufficed to make most of the middle class support the revolutionary movement of the right. Likewise, the collapse of the political power system of Europe during the Hitler regime was due, in the last analysis, to the social instability of the British and French middle classes, generated by the fear of Bolshevism.

v

I begin the examination of the present era with a few cursory observations concerning the political and social situation, observations that are designed for nothing more than establishing a framework for the economic discussion. In particular, I shall refrain from any detailed analysis of the political equilibrium. I must confess my inability to understand the type of psychological, or pseudo-psychological, analysis through which many onlookers try to find out whether the aims of the Kremlin are peaceful or warlike. Peaceful monarchs have often been followed by aggressive ones, and the temptation to use the tool of a powerful armed force has proved at times irresistible; why should this not be as true for the rulers of a totalitarian state as for any others? The only difference between today's situation and similar ones in the past, when the world was dominated by two antagonistic blocs, is that today one of the blocs, the western world, can be counted on never to resort to war unless attacked. In the following discussion I shall, however, disregard the alternative of a hot war—not because I consider it unlikely (for it will become a distinct possibility as soon as Russia's armament is completed and her food-production troubles are overcome), but because the consequences of a world war in the atomic age appear to me unpredictable.

I shall also assume that in France and Italy communism will

not gain political control, in spite of its undiminished influence on a large part of labor, and in Italy on parts of the peasantry also. In the rest of Europe the labor parties are again turning more and more toward a reformist policy—in Great Britain because of the unfavorable experience with nationalization (unfavorable except in coal mining); in Germany because labor's bitter experience under Soviet domination far outweighs its present discontent with the unequal distribution between labor and business of the gains in the recent upswing.

As a third limitation of the discussion of the present era, the rise of nationalism outside the western world will be considered in only one aspect: what does the industrialization of the underdeveloped countries imply economically for the western world? Whether economic and social progress in these countries will be strong enough to prevent the victory of communism there is a question outside the province of this paper.

Changes in the underdeveloped countries affect the economic life of the western world in two ways. First, the creditor countries have experienced a definite loss of income from foreign investment. And second, the industrial countries, which are largely identical with the creditor countries, have obtained and will obtain from the non-industrial countries a smaller volume of raw materials and food for every unit of manufactured goods exported; in technical language, their terms of trade are tending to deteriorate.

Of these two effects the loss of income from foreign investment is the less serious. Substantial as the amounts lost appear in absolute figures, they represent only a small fraction of national income in the creditor countries, and the loss has already been absorbed—by the upper income classes in Great Britain, by the economy as a whole in the other creditor countries. The same is true for the losses suffered in 1945-52 by the industrial countries from the change in terms of trade; these losses, incidentally, brought the terms back only to the more or less normal level of 1913—in other words, they wiped out the gains of the indus-

trial countries during the thirties,⁷ and were a consequence of the rapid rise of activity in the industrial countries after the war.

It is unlikely, however, that the deterioration of the terms of trade is at an end. The day may be very far away when the countries producing raw materials and food will be able to process profitably all the materials they produce, and consume all the food they can bring forth. In fact, at present we find the opposite situation: Indonesia is worrying about the United States' rubber and tin policy, Australia is worrying about wool, Great Britain expects a fantastic fall in the price of wheat. But leaving aside the problem of food production, for how long can we expect the production of raw materials to keep pace with an ever-increasing industrial capacity, not only in the industrial countries but in the raw-materials countries themselves? And as the latter countries consume more of their own raw materials, the terms of trade of the industrial countries will tend to deteriorate further.

Nevertheless—and without claiming too much for what is only a shot in the dark—I do not expect heavy pressure on the living standard in the industrial countries from inadequate raw-material and food production. My reason is that the industrialization process in the raw-materials and food countries goes on rather slowly and is not likely to gather much speed, because of lack of capital and because the development of food production, power production, and transportation appears to be of far greater importance to these countries at present than industrialization proper. Accordingly, further increases in labor efficiency in the European industrial countries should be sufficient to cope with the changes in the terms of trade to be expected during the next decades. It is with this premise in mind that I assume, as mentioned above, that the European labor movement will remain substantially a reformist movement and will not enter a new revolutionary phase.

⁷ See the detailed analysis of the interwar period in Hans Neisser and Franco Modigliani, *National Incomes and International Trade* (Urbana, Illinois, 1953) Chapter 17.

In a broader sense of the word, of course, the unbalancing influence of economic development outside the western world is part of the world economy as a whole; but from the viewpoint of the economies of the industrial countries these disturbances are outside forces. What then can we say about the internal stability of the industrial world? I limit myself here to a consideration of the economy of the United States. There is no danger that the saving potential of any other country in the western orbit, reduced as it is in almost all cases by the war, will exceed the ample investment opportunities within the country itself. Quite the contrary: most European countries face the danger of inflation rather than deflation, though even this danger seems to have been lessened considerably by the rise in per capita output over the last seven years.

The immediate outlook for the United States is not altogether favorable. The prosperity of the period after the war should not deceive us. It has been due to the combination of two factors: first, a huge backlog of demand, especially for consumer durables, supported by the extra savings of wartime; and second, the rearmament needs of the country. The backlog of demand has largely vanished, and the future course of armament expenditures will be erratic, to say the least.

The instability of the economic situation can also be observed from another angle. In the spring of 1951 the postwar inflation ended, although the demand for consumer durables and residential building remained above normal and rearmament expenditures and investment in munition factories proceeded on a high level. What will be the consequences when these determinants assume a more normal volume?

I do not maintain, of course, that extraordinary government expenditure, whether for armaments or for peaceful aims, is required to ensure prosperity. Let us reduce taxes at the same time that we cut government spending, and the consumption expenditure of the civilian population will increase by 90 to 95 percent of the tax reduction; it will almost fill the gap created by the

decline in federal expenditure. Almost—but not completely. There will remain a 5 to 10 percent reenforcement of the saving potential, not to mention the fact that the economies achieved or planned by the present administration are likely to exceed the tax reduction.

There are also favorable elements in the picture, for the short run as well as for the long run. For the short run we can say that the effect of any decline in demand on our national income, and indirectly on the income of other nations, would be kept within limits by the so-called automatic stabilizers—mechanisms that would put a relatively high floor under national income, though they would not bring it back to the present optimum level. The most important of these stabilizers are the large part of national income derived from pensions and rents, which are independent of the economic state in general; government expenditures themselves, which in a recession will increase rather than decline; and corporate reserves, which enable dividend payments to be made even though current profit vanishes.

For the long run the outlook is even more favorable. A principal reason for the present instability is again the concentration of purchases of consumer durables and residential building into a few years. The war created a cycle of purchases; after the high volume of sales from 1946 to 1953 we must expect a decline in 1954, with no revival until perhaps 1957. But in the long run these cycles will flatten out, and a greater stability will be achieved. Again, the net saving potential is going to fall, because of the increasingly large number of people over 65 years of age, who primarily consume and do not produce. Hence the gap to be filled by the purchase of consumer durables will become much smaller when these purchases are more regular. Twenty years from now the current saving potential is not unlikely to be exhausted by regular purchases of consumer durables and residential building, and by the normal amount of productive investment.

But shall we ever actually attain this state of greater stability? Will not the effect of recessions in the nearer future be as disastrous

as the effect of the great depression, which for almost a decade discouraged entrepreneurs from utilizing the existing investment opportunities, and retarded prosperity? It is not only my natural optimism which leads me to expect our economy to muddle through, but also the virtual certainty that erratic upsurges in government expenditures will occur from time to time; starting from the much higher income floor guaranteed by the stabilizers, these increases will bridge the relatively narrow gap between the income level during recession and the income level during prosperity.

There remains one last question which I do not have the audacity to try to answer. I have assumed throughout that, as in preceding generations, innovations will furnish the private entrepreneur with a normal volume of investment opportunities. At present there is no reason for skepticism about this. But the vital power of all civilizations and all economic systems some day declines and comes to an end. At what point will the free enterprise system definitely reach its old age? I do not know of any scientific way to determine this moment in advance.

ARNOLD BRECHT*

Jurist and Political Theorist

ARNOLD BRECHT's legal and political philosophy rests upon a solid basis of practical experience as well as theoretical work. His life work represents the very best that the German tradition of government service was renowned for in its day of glory. Like the British and other first-class public services, it strove in the tradition of Plato to make the bureaucrats into philosophers. If it did not too often succeed, it still was the better for cherishing the ideal.

In the center of Arnold Brecht's jurisprudence we find a series of papers, published in *Social Research* and in law reviews, which certainly deserve to be gathered into a book. Of these, the most important and central one is devoted to "Relative and Absolute Justice" (*Social Research*, February 1939). After examining the position of the relativists, and more especially Radbruch, with that tolerance and considerateness which is so striking a strand of his personality, Brecht develops a position of "absolute justice." His is not one of the many "revivals" of natural-law positions we have witnessed in recent years, but a penetrating effort to state "postulates," that is to say, axiomatic implications, of the idea of justice. There is a touch of the phenomenological approach in his identification of five such postulates which, he holds, are necessarily part and parcel of any idea of justice. These five postulates are: truth, generality, equality of treatment for equals, freedom (within the system of values), and the avoidance of the impossible. It would be interesting to explore these, but we shall here merely mark out for a few comments the first and the last.

The postulate of truth is really that of truthfulness. Statements, whether subjective or objective in nature, must be truthful, that is to say, must correspond to known facts or accepted values, if the command, the decision, or the action which precipitates them is to be considered just. What Brecht says in substantiating his position here carries conviction. False statements, whether intentional or not, are generally held to invalidate, or at least to put into question, actions which depend upon them for their "authority." The only difficulty

* EDITORS' NOTE—Arnold Brecht, a member of the original University in Exile, now the Graduate Faculty of Political and Social Science of the New School, has recently celebrated his seventieth birthday. This and the following paper were presented on January 29, 1954, at a symposium in his honor arranged by the Graduate Faculty Alumni Association.

with the "absoluteness" of this postulate seems to arise from the uncertainties surrounding the notion of "truth". One does not need to be a Pontius Pilate to ask that question. Jaspers has recently found occasion to devote over a thousand pages to Truth. I suggest "truthfulness" or, as Brecht himself in one place puts it, "veracity" as perhaps less exposed to these difficulties. In fact, such terms merely attenuate the difficulty; their meaning depends upon that of truth.

The avoidance of the impossible, that is to say, "respect for the necessities of nature," as Brecht puts it, appears to be wisely chosen as another postulate involved in the notion of justice. *Ultra posse nemo obligatur* is a proposition Kant refers to in several places, and there are also legal formulations, for example in the *Corpus Juris*. There appears to be unquestionably an area within which this postulate is evident. A command to work twenty-four hours a day is, as Brecht remarks, manifestly unjust. So is a command to walk on one's head. But the self-evidence of these injustices results from the self-evidence of the impossibilities involved. There are other such impossibilities, alleged or presumably demonstrable—for example, some of those brought up in connection with the war crimes trials—which are more or less controversial. Especially in the field of human psychology, there is a range of flexibility in what is considered impossible. One may note the well known American army slogan: "We shall do the impossible." Brecht recognizes these uncertainties, and yet he insists on the "absolute" nature of the postulate. But since the self-evidently impossible is, as he himself notes, not likely to be the content of a meaningful command or decision, one wonders how absolute the absolute is.

Brecht's absolute postulates are worthy of the most careful reflection and further exploration, in any case. Even if they have something of the "formalism" of Kantian and neo-Kantian ethics, they certainly transcend the relativism, skepticism, and agnosticism rampant in Europe and America. They do this much more effectively than the natural-law revivals, which usually fail to take into account the philosophical criticism that led to the collapse of earlier absolutisms of this sort. Brecht avoids playing with contradictory formulas, like Stammler's famous "natural law with a changing content."

Within the context of this jurisprudential framework, Arnold Brecht has contributed greatly to the understanding of government, especially on the institutional side. With the knowledge of the experienced practitioner, he has insisted on the importance of the in-

stitutional setting within which political action occurs, as against the behavioral fads of the day. He has, for example, argued persuasively that certain defects in the constitutional structure of Weimar Germany contributed their decisive share to the collapse of that system. He has shown in many different studies the close connection between the actual legal framework and the concrete behavioral conduct of bureaucracies. He has seen constitutions in their historical perspective and treated them wisely as something neither wholly legal nor wholly political, neither as a semantic gospel nor as "what the Supreme thinks it is." In presenting his penetrating analysis of "The New German Constitution" (*Social Research*, December 1949) he opened the discussion by observing: "Written constitutions are historical documents, each bearing its own characteristic date, emerging from its own historical background through a genetic process of individual birth pangs, and each one setting its own mark, high or low, in the history of ideas."

Neither Burkean conservatism nor Benthamite reformism, neither excessive reverence for the meta-rational past nor excessive enthusiasm for supra-rationalism of the future, but a sane and balanced appreciation of the interplay of reason and reality, of the *is* and the *ought*, characterizes Brecht's political philosophy. In rejecting the alleged "gulf" between *is* and *ought*, without espousing the seductive doctrine of the "normativity of the factual," Brecht finds the reasonably secure philosophical ground for his firm democratic convictions. They are convictions which respect the majority's preference without overlooking the rights of the minority; they insist on equal participation of all, but retain rights of everyone in making that participation the basis of a just political order in which freedom is disciplined and restrained, because justice is related to truth and to the respect of each individual human being's dignity and worth (see especially "Democracy—Challenge to Theory," in *Social Research*, June 1946). It is not a novel political theory, but it needs all the philosophical support it can marshal in an epoch in which "the great lie" and the many little lies are peddled in the name of authority, security, and patriotism. There has been too much preoccupation with novelty in the social sciences, too much chiliastic scientism and apocalyptic expectancy for these rival dogmatisms. "Das alte Wahre, fass es an," Goethe once wrote. Arnold Brecht is one of those true philosophers who do not mind whether a truth is new or old. For *magis amica veritas*.

C. J. FRIEDRICH

*Arnold Brecht's Contribution to Comparative Government
and International Relations*

NO LESS impressive than the quantity of his work is the variety of the fields in which Arnold Brecht has distinguished himself as a scholar. His very first writings, going back practically to his student days, seemed to point to a career in the theory and practice of civil law. These articles, appearing in *Iherings Jahrbücher*, one of the most eminent journals of continental jurisprudence, revealed even then the distinction of thought that was to characterize his work in what later became his main field: public law. He turned to the latter when he left the judicial career and entered the civil service.

It was only eight years afterward, in the dying days of the German empire, that Brecht was appointed a counsellor in the Reich chancellery. One of the causes that brought the young civil servant so close to the center of political decisions was a journalistic publication entitled *Geheim-Diplomatie* (Secret Diplomacy), which can be called Brecht's first contribution to international relations. The history of this pamphlet is characteristic of the way in which public service and writing have been interrelated in Arnold Brecht's work ever since.

The pamphlet I am referring to is an edition, with brief and caustic comment, of the secret documents that the Bolshevik government had shortly before unearthed in the diplomatic archives of St. Petersburg. A critical analysis of international dealings and bargains that were altogether inconsistent with the officially proclaimed war aims of the European Allied Powers should have been highly welcome to the German government, and indeed, the Foreign Office favored its publication. The military authorities, however, frowned at the expression of pacifist sentiments in the preface. Thus the pamphlet was published under a pseudonym in neutral Switzerland, early in 1918, and its dissemination in Germany was forbidden. But its author had attracted the attention of men who were shortly afterward called upon to undertake the democratization of imperial Germany, and hence, surprising as it may seem, "Secret Diplomacy" effected Arnold Brecht's transfer to the Wilhelmstrasse. *Habent sua fata libri*.

That is not the only significance of this pamphlet for Brecht's life. It was the first of his publications that found interested American readers, for the United States Legation at Bern, as he was informed by his Swiss publisher, bought fifty copies and sent them to Washington. We may even go farther and say that in expressing

views on secret diplomacy which had just become official American doctrine, Brecht took, in this pamphlet, his first step toward American citizenship.

If I were weighing Brecht's writings of his German period in terms of their scientific rather than their biographical significance, I would now have to devote a much longer time to his many studies of the twenties and early thirties than I have spent on the essay of 1918. For obvious reasons I cannot afford to do so, nor is it really needed, for the main problems that Brecht dealt with in those years have continued to concern him deeply in the American period of his life as well. Foremost among them, at that time, was the question of *Reichsreform*. It is enough to say that as one of the chief delegates of Prussia in the Reichsrat and as Prussia's representative on the Governmental Commission for Federal Reform, in which he played the leading role, Arnold Brecht not only deserved well of German democracy but also grew into one of the outstanding scholars of our time in the complex field of federal government in general.

For Brecht as a political scientist the principal importance of that period lay in its rich opportunities, which he studiously exploited, to practice politics. In 1933, when he finally made, or rather had to make, the science of legislation his primary occupation, Aristotle himself could not have questioned that Brecht, unlike the sophists, was equipped with the necessary practical experience. I wonder whether one could point to any of his writings since 1934 that does not testify to the lasting influence this equipment has had on his scientific work.

Arnold Brecht entered his new duties with the same sense of deeply felt responsibility that had distinguished him in his earlier career. To be a scholar means, for him, to be a public servant. In an impressive passage in his "Democracy—Challenge to Theory" (*Social Research*, June 1946) he has clearly stated what he considers to be the specific obligation of the political scientist. The words are so characteristic of Brecht as a man and as a scholar that they deserve to be quoted in full: "The eminence of many a great scholar in the field of political theory is not to be disputed, but the fact remains that the profession as a whole—whose collective responsibilities I feel as a member—has not fully discharged its function: to see, sooner than others, and to analyze, more profoundly than others, the immediate and the potential problems of the political life of society; to supply the practical politician, well in advance, with alternative courses of action, the foreseeable consequences of which have been

fully thought through; and to supply him not only with brilliant asides but with a solid block of knowledge on which to build. In short, speaking here as a theorist, for once I do not accuse political practice; I accuse political theory." The formidable task assigned by Brecht to political science is to perform "a kind of thinking . . . that anticipates the future and heeds the lessons of the past, a thinking that ought to precede, rather than follow, practice." The eloquent words are a key to Brecht's writings of the last twenty years, and to those we may expect from him in the future.

Following Brecht's own distinction between immediate and potential political problems, I propose to say first a few words on those of his writings that are related to current issues. The most significant among these is the monograph on *Federalism and Regionalism in Germany*, published in 1945. Its primary purpose was to supply the statesmen who would be called upon to tackle the German question after the war "with a solid block of knowledge on which to build." By a painstaking description and analysis of the complex territorial organization of Germany from 1815 to 1945, Brecht succeeds in clearly bringing out the peculiar features and problems of German federalism. If the lucid exposition of the intricate questions of administrative decentralization is likely the most interesting part for the student of public law, the discussion of the Prussian problem is no doubt the most important one from a historical and political point of view. It sets a shining example of how the social scientist should handle a passionately contested issue. Even in the twenties Brecht was advocating the abolition of Prussia as a single unit within federal Germany, convinced that her disproportionate size and strength precluded the evolution of a genuinely federal system. As a matter of fact, it was due mainly to his persuasive perseverance that the official Reform Committee, which I have already mentioned, proposed in 1930 the dismemberment of historic Prussia. In his 1945 monograph Brecht renewed his plea. It should be a matter of satisfaction to him that the structural reform of Germany for which he has striven so hard and so long has been sanctioned by the Bonn Constitution.

"Thinking that anticipates the future and heeds the lessons of the past" characterizes also Brecht's approach to the broader questions of postwar reconstruction, to which he has devoted several essays, both in books and in journals. The first of these, a discourse on sovereignty (in *War in Our Time*, edited by Hans Speier and Alfred Kähler, New York 1939), written and published before war actually broke out, proves him to be as severe a critic of the concept of sovereignty, and

of an international society that is based on it, as anyone can be. The fact that there are sovereign states, each of them claiming supreme power, is for Brecht a cause of war that stands above all others. Even so, he was never swept off his feet by the utopian waves of the war years.

What has kept him on solid ground is, first of all, a clear realization of the lessons of history. In the essay to which I was just referring he shows that ideas and counter-ideas on the organization of mankind must somehow correspond to the realm of facts, as he puts it, if they are to be capable of controlling the actual course of events. Also, as a man of practical experience and as a lawyer Brecht never fails to inquire into the practicability of great designs, no matter how much they may appeal to him emotionally. But for all his "realism," Brecht never gives up hope. Despair, for him, is sin.

This evenly balanced attitude accounts for the fact that Brecht's ideas on international reconstruction have stood the test of the sobering postwar years better than most of the schemes current during World War II. He has concentrated on the problems of regional rather than global international organization, and has notably contributed toward elucidating them. His "European Federation—The Democratic Alternative," published in the *Harvard Law Review* in 1942, is an unusually competent and wise analysis of the political and legal problems involved in the unification of Europe. Another idea that has taken concrete shape in recent years but was anticipated in Brecht's wartime writings is the device of what he has felicitously called "Limited-Purpose Federations" (*Social Research*, May 1943). To be sure, in this and related studies he did not sketch the constitutional outlines of the European Coal and Steel Community or other so-called supra-national organizations that are currently under discussion in Western Europe, but the solution of regional problems for which he was groping was in the direction of this novel type of international organization. And his attitude in the question of human rights testifies no less impressively to his foresight and perspicacity. Time and again he has advocated international minimum standards for human rights on a regional basis, to be controlled by regional agencies, and warned against illusionary schemes of maximum standards to be guaranteed and enforced on a global scale.

Of the many other articles in which Brecht has analyzed immediate problems, political, constitutional, and administrative, I must at least mention his masterful essay on "The New German Constitution" (*Social Research*, December 1949). I cannot dwell on these writings,

for I want to turn briefly to his thinking on what he considers potential problems of the political life of any democratic society.

In Brecht's opinion, the downfall of German democracy teaches lessons that should be heeded everywhere. There is no country in the world that can truly afford to say "It can't happen here." For this reason he has been pondering, ever since 1933, how tyranny rises, and how its rise can be prevented. He has tried to answer these momentous questions on two levels, the philosophical and the political-constitutional.

Looking back on the tumultuous years in which he fought in the first ranks of German democracy for the preservation of personal freedom in his homeland, Brecht, like a true philosopher, has been startled and appalled by the realization that the struggle lacked the support of a scientific theory of inalienable rights and of objective standards of justice outside positive law. In fact, he has realized that throughout the Western world today political theory no longer regards "the discernment between proper and improper ends of government, and between proper and improper means" as one of its legitimate functions. In other words, he has realized that twentieth-century political philosophy fails to supply a world threatened by tyranny with a firm ground on which to base a right of resistance. It was with a view to recovering this ground that Brecht began, in 1939, to publish the series of articles and essays in which he has subjected relativism and positivism to a critical examination of their basic tenets.¹

The political-constitutional problems posed by the rise of totalitarianism are a theme that runs through most of Brecht's writings during the last twenty years. Here his views can best be illustrated by referring to his book entitled *Prelude to Silence*, published in 1944. It is a history of the end of the German republic, seen through the eyes of a constitutional lawyer. There are passages in it that seem to support a criticism that Brecht views the collapse of the republic as caused by some of the provisions of the Weimar constitution. I would be ready to defend the author against such criticism—and not only because we are here celebrating his seventieth birthday. Brecht's

¹ These writings have been collected in a book which Arnold Brecht's students presented to him on January 20, 1954, "to commemorate the completion of twenty years of devoted service at the Graduate Faculty of the New School for Social Research": *The Political Philosophy of Arnold Brecht: Essays by Arnold Brecht*, edited by Morris D. Forkosh (Exposition Press, New York, 1954). The volume also contains a bibliography of Brecht's books and articles.

intention is merely to emphasize that certain key defects of the Weimar constitution were essential conditions of the collapse. Even this view, of course, is unacceptable to those who explain history in general, and Hitler's short-lived triumph in particular, in purely economic or racist terms. Brecht subscribes to no determinist philosophy of history. He is fully aware of the import of other factors than the institutional and legal, but he holds that when a political regime is at stake even constitutional details have their significance in the decisive struggle. Isn't this, after all, the view that underlies the Federalist Papers and other famous constitutional treatises? It is in this light that we must read and interpret Brecht's analysis in the *Prelude* of what he considers the main defects of the Weimar constitution. By trying to prove their relevance in a fight for freedom that was lost in the past, he hopes to make us aware of the importance of constitutional rules and devices for struggles that may lie ahead of us.

It would require a special paper to do justice to the other contributions that Brecht, as a political scientist conscious of his responsibilities, has made to the momentous problem of preserving democratic society by constitutional means and guarantees. Here I can only affirm that they form a highly impressive and valuable addition to the traditional doctrine of mixed government.

Everyone who is privileged to know Arnold Brecht closely has time and again been struck by the unity of the man and his work. It is hardly surprising that one of his temperament stands, as a constitutional scholar, on middle ground. If I were to characterize in a single sentence this unity of man and work, I would have to quote the words in which Adalbert Stifter once described himself, *Ich bin ein Mann des Masses und der Freiheit*—I am a man of moderation and of freedom.

ERICH HULA

BOOK REVIEWS

NORTHROP, F. S. C. *The Taming of the Nations: A Study of the Cultural Bases of International Policy*. New York: Macmillan. 1952. xii & 362 pp. \$5.

On page 305 of this announced "realistic approach to world problems" Professor Northrop quotes with approval the following resolution, adopted at Yale by students from many colleges after consideration of the question, "The United States as a New World Leader—In What Direction?": "Resolved that this house urge the government of the United States to base its foreign policy upon the ideological principle that each people in the world must be free to build their institutions in the light of their own cultural traditions, drawing upon outside factors as they deem wise, and that the government of the United States make its equally necessary military program for policing any power violating this principle, its economic program of Marshall Plan and Point 4 Aid, and its Information Program concerning the Hebrew-Christian and American way of life secondary to and merely instrumentalizations of this basic ideological principle."

What this rather clumsily worded resolution is endeavoring to say and to recommend is that the philosophy of cultural pluralism should be taken for the directive of United States foreign policy, that our definitive undertakings abroad should be employed to realize this philosophy, and that therefore the communication of Western "religion" and Western culture should be not an end in itself but a means to maintaining and advancing the equal rights of mankind's diverse cultures to survival and growth. In sum, the resolution affirms a way of thinking about human relations with which Mr. Northrop became conspicuously identified with the publication of his book, *The Meeting of East and West*. Readers of that work, and of his contribution to *Ideological Differences and the World Order*, which he edited, will recognize in both the words and intent of the resolution a restatement of Mr. Northrop's prescription for world peace.

The present work is still another advocacy of the prescription, with noticeably diminished emphasis on the idea that adequate understanding makes more surely for peace than for war. On the record, understanding is much more likely to follow peace than peace is to follow understanding, for peace is a pact between different and perhaps incommensurable interests—be they personal, religious, nationalist, cultural, or whatever—to insure jointly their several sovereignties and independences against aggression. War, on the other hand, is waged

successfully in direct proportion to the scope and range of understanding, for which the military equivalent is "intelligence." The history of the United Nations, which is the history of the working of a pact for "collective security," exemplifies how the confrontation and exploration of diverse interests according to a compact (the Charter) informs the high contracting parties about their attitudes and actions toward one another and provides "understanding," for warlike as well as pacific operations. "Understanding" is an instrument of policy; and policy, first and last, flows from imponderables.

As predicated of individuals, a current euphemism for these imponderables is "the infinite worth of the human person," which in practice amounts to the observation that everyone works and fights as best he can to live and to grow on equal terms with his betters, a procedure that takes the form of trying to "keep up with the Joneses." As usually predicated of political societies, the same thing is usually designated "national sovereignty," "territorial integrity," "national honor," "nationalism," and the like. The pretensions signalized by such expressions are, on the record, capable of considerable easy compromise and alteration. They grow, however, from a tough configuration of works and ways which powerfully resists all pressures, and far more readily changes shape and direction by conforming them to itself than by conforming itself to them. This configuration consists of a people's folkways and mores, its rites and rites and faiths and works—its "way of life."

The current word for way of life is "culture." Mr. Northrop urges that the collective security depends on the recognition, appreciation, and respect by all the powers of the cultural integrity of each. Between his *Meeting of East and West* and the present book he took the opportunity to experience in person some of the actualities of the Asian ways of life and faith and now, in the light of this experience, he redefines the Asians' singularities, the matters and media of their hopes and fears, and tells how, in his view, their tensions with one another and with the West can be relaxed. "It is culturalism rather than nationalism that is the rising fact of the world today," and the road to peace is a road on which Western colonialism and Asiatic revolt are displaced by intercultural cooperation on equal terms—as the Yale resolution obscurely advises.

The decision between Western democracy and Russianized communism will not follow from the doctrine and discipline which either articulates for itself: it will follow from their felt effects on the cul-

tures of the peoples whom they seek to win. Mr. Northrop purports to envisage and to state the diverse essences of those cultures. Naturally, his vision is a selection, and his disclosures of the inward dynamic of Islam, of India, of China, or, for that matter, of the "Graeco-Judaic" and Marx-attributed cultures are subject to disputation, especially by persons to whom these cultures have been total milieus from birth, and who know them from living them as well as from talking them. But their support of his cultural essences is no precondition to the soundness and relevancy of his advice about how the Marshall Plan, the technical-assistance enterprises (Point 4), and the like can work out as successful "gambles."

To me, anyhow, it is indisputable that American or any other alien ways of knowing and working—that is, sciences and techniques—become efficacious and not abortive only as they are naturalized in the cultures they enter, only as they undergo acculturation from within as against application from without. Successful acculturations, made reciprocal, could accomplish "the taming of the nations." They could relax political-economic tensions and other power pressures into penetrative cultural distinctions. Their agent and vehicle could well be the United Nations, which possesses the potentiality of orchestrating the infeasible regional pluralism of the cultures into a global union wherein the autonomy and self-development of each is a working commitment of all, with the result that each is freer and safer than it ever could be by "going it alone." "Each of the faiths in the garden of men has its spiritual Philadelphia and the way from Philadelphia to Cosmopolis is clear." The way, as Mr. Northrop foresees it, is, I am happy to report, the way of cultural pluralism—in *pluribus unum*.

H. M. KALLEN

KRAFT, VICTOR. *The Vienna Circle: The Origin of Neo-Positivism, a Chapter in the History of Recent Philosophy*. [Translated by Arthur Pap.] New York: Philosophical Library. 1953. xii & 209 pp. \$3.75.

The logical positivist movement, at least that part of it that has been identified with the members of the Vienna Circle, has had a dramatic, somewhat unanticipated, and by no means completed history. The stringency of its tenets, the scope of its program, and the intensity of the responses it engendered contributed the drama. While criticism was expected, especially from philosophers who were attacked in its name, the critiques from co-minded and co-committed

philosophers were jolting. This joint criticism, from what may be conveniently viewed as the right and left wings of philosophy, has not paralyzed the movement or rendered it pointless, but it has been sharp enough, has caused enough rethinking and redirection, to preclude the presentation of a simple set of generalities which can serve as a full characterization of the present descendants of the Vienna Circle.

The book under consideration was written by a member of the Vienna Circle who participated in many of the conferences arranged by Schlick, his students, and his colleagues before logical positivism was internationally known and sharply formulated. Thus the author is obviously qualified to tell the story of the logical positivists, to enable us to relive the lively and lovely dawn of the movement, to interpret the motivation of the founders, and to remind us of their technical sophistication and philosophical naïveté. He does not, however, tell the entire story. His is primarily an intellectual history, and it ends with 1938. For this reason much of obvious general and

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Reviews, Titles of New Books, Periodicals, Notes

The *American Economic Review*, a quarterly, is the official publication of the American Economic Association and is sent to all members. The annual dues are \$6.00. Address editorial communications to Dr. Bernard F. Haley, Editor, *American Economic Review*, Stanford University, Room 220, Stanford, California; for information concerning other publications and activities of the Association, communicate with the Secretary-Treasurer, Dr. James Washington Bell, American Economic Association, Northwestern University, Evanston, Ill.

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human interest goes untold. Again, stopping where he does, he cannot consider much of the most effective criticism of the school. Finally, though Professor Kraft stresses the importance of Schlick and emphasizes the cooperative aspect of the movement, he gives the lion's share of attention to Carnap: men like Professors Reichenbach and Kaufman are mentioned merely in passing, Professor Popper receives a few paragraphs, but Professor Carnap's works are summarized in detail. Perhaps the emphasis on Carnap is justified. He did much the best and most original work. But the elaboration of his position at the expense or even neglect of the others, combined with the above-mentioned limitations, results in our having a first instalment rather than a completed statement.

Three clusters of theses were especially defended by the early logical positivists and are amply discussed by Professor Kraft. The first cluster projects the defense, amplification, and application of the well known verifiability theory of meaning; especially notorious in this area was the subsidiary thesis that much traditional philosophical writing on moral and metaphysical issues does not satisfy the logical positivists' criterion of meaning. The second set of doctrines concerns the positivist program of clarifying the logic and language of the empirical sciences; many of the early writings on these theses were merely programmatic, but some consisted in detailed analyses of the type of logic required, and still others proffered clarifications of specific concepts in the sciences. The third cluster consists of a series of proposals for the logical reformulation of traditional epistemological issues, and of solutions which the reformulations suggest.

Recent criticisms of the logical positivist position have been so sharp that I doubt that any member of the school would want to defend the various theses as they were originally formulated. In the first place, some rather technical developments have made it clear that the original and even the subsequent and more sophisticated formulations of the verification theory of meaning are not too clear. Secondly, some philosophers—most notably Quine—have made us question the use of such phrases as "logical truths" or "logical laws," with the result that today it seems at least premature to speak of using logic in order to clarify the structure of the sciences, or to identify certain sentences as logically true, or to urge that mathematics has definitely been reduced to logic; the logical positivists now appear to have been too cavalier about these issues. Finally, more careful and more sympathetic analyses of moral and aesthetic issues have precluded further easy and glib dismissal of much of traditional philosophy.

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These consequences must, of course, be properly interpreted. Though they at least indicate that much that passed for accomplishment was only promise, and occasionally dogma, they do not force us to relegate logical positivism to the limbo of fruitless sophistries. Much of the early logical positivist writing remains valuable, if only as testament to honest labor toward an exciting philosophical goal. Moreover, there are few younger philosophers who do not find that the tools devised and in part perfected by the logical positivists are necessary for their own philosophical undertakings.

It is too early to predict the effect of the later criticisms. Possibly some of the early logical positivist theses can be reformulated and defended more successfully. Perhaps this positivism will disappear. Most likely, however, it will merge into some broad and as yet ill defined analytic movement. But questions along these lines are speculative, and have not been raised by Professor Kraft.

SIDNEY MORGENBESSER

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